**Report on implementation**

**Integrated Operational Programme**

**for the period**

**1 Apr 2014 – 30 Sep 2014**



**Intended for the 14th of the IOP Monitoring Committee held on 24 Nov 2014**

**TABLE OF CONTENTS**

[INTRODUCTION 6](#_Toc403377044)

[1 PROGRAMME IDENTIFICATION 8](#_Toc403377045)

[2 OVERVIEW OF PROGRAMME IMPLEMENTATION 10](#_Toc403377046)

[2.1 Summary Tables on Progress Achieved in IOP Implementation 10](#_Toc403377047)

[2.2 Progress in the Fulfilment of Indicators at the Programme Level 15](#_Toc403377048)

[2.3 Core Activities in the Period from 1 April 2014 to 30 September 2014 16](#_Toc403377049)

[2.3.1 IOP milestones in the period from 1 April 2014 to 30 September 2014 16](#_Toc403377050)

[2.3.2 Overview of ongoing and newly published calls in the period from 1 April 2014 to 30 September 2014 17](#_Toc403377051)

[2.3.3 Changes in the important IOP documents and amendments thereto 18](#_Toc403377052)

[2.4 Main Problems Encountered in Programme Implementation and Measures Taken to Overcome Them 20](#_Toc403377053)

[2.4.1 Addressing the IOP error rate in the Annual Control Report 2013 20](#_Toc403377054)

[2.4.2 Horizontal audit in health sector 20](#_Toc403377055)

[2.4.3 Sleeping and risky projects of IOP 20](#_Toc403377056)

[2.4.4 Risk of non-fulfilment of n+2 rule in 2014 21](#_Toc403377057)

[2.4.5 Česká pošta (Czech Post) 22](#_Toc403377058)

[2.4.6 Administrative capacity for programme closure 23](#_Toc403377059)

[2.4.7 Crisis management and implementation of Government Resolution No 144 23](#_Toc403377060)

[2.4.8 Methodology of financial flows in relation to the AA audit performance 24](#_Toc403377061)

[2.5 Major Projects of IOP 25](#_Toc403377062)

[2.6 Measures Adopted in Response to Conclusions of the Previous Monitoring Committee Meeting 27](#_Toc403377063)

[2.7 Analysis of Risks in relation to the Fulfilment of n+2 Rule 27](#_Toc403377064)

[2.7.1 Analysis of risks in relation to the fulfilment of n+2 rule 31](#_Toc403377065)

[2.7.2 Forecast of the progress in IOP absorption (in EUR) 35](#_Toc403377066)

[2.8 Analysis of Risks in Relation to Future Progress in Programme Implementation 47](#_Toc403377067)

[2.9 Foreseen Timetable of the Announcement of Calls 50](#_Toc403377068)

[2.10 Overview of Approved Projects 50](#_Toc403377069)

[2.11 Progress in the Implementation of Financial Instruments 55](#_Toc403377070)

[3 PROGRESS AT THE LEVEL OF PRIORITY AXIS 56](#_Toc403377071)

[3.1 Priority axis 1a, 1b – Modernisation of public administration 56](#_Toc403377072)

[3.1.1 Focus of priority axes/intervention areas 56](#_Toc403377073)

[3.1.2 Progress achieved in the implementation of priority axes/intervention areas 57](#_Toc403377074)

[3.1.3 Fulfilment of indicators 58](#_Toc403377075)

[3.1.4 Problems and measures taken 60](#_Toc403377076)

[3.1.5 Example of a project 62](#_Toc403377077)

[3.2 Priority axis 2 – Introducing ICT in territorial public administration 63](#_Toc403377078)

[3.2.1 Focus of priority axes/intervention areas 63](#_Toc403377079)

[3.2.2 Progress achieved in implementation of priority axes/intervention areas 64](#_Toc403377080)

[3.2.3 Fulfilment of indicators 65](#_Toc403377081)

[3.2.4 Problems and measures taken 67](#_Toc403377082)

[3.2.5 Example of a project 67](#_Toc403377083)

[3.3 Priority axis 3 – Improving public services quality and accessibility 68](#_Toc403377084)

[3.3.1 Focus of priority axes/intervention areas 68](#_Toc403377085)

[3.3.2 Progress achieved in implementation of priority axes/intervention areas 69](#_Toc403377086)

[3.3.3 Fulfilment of indicators 74](#_Toc403377087)

[3.3.4 Problems and measures taken 83](#_Toc403377088)

[3.3.5 Example of a project 87](#_Toc403377089)

[3.4 Priority axis 4a, 4b – National support of tourism 89](#_Toc403377090)

[3.4.1 Focus of priority axes/intervention areas 89](#_Toc403377091)

[3.4.2 Progress achieved in implementation of priority axes/intervention areas 91](#_Toc403377092)

[3.4.3 Fulfilment of indicators 92](#_Toc403377093)

[3.4.4 Problems and measures taken 94](#_Toc403377094)

[3.4.5 Example of a project 95](#_Toc403377095)

[3.5 Priority axis 5 – National support of territorial development 97](#_Toc403377096)

[3.5.1 Focus of priority axes/intervention areas 97](#_Toc403377097)

[3.5.2 Progress achieved in implementation of priority axes/intervention areas 98](#_Toc403377098)

[3.5.3 Fulfilment of indicators 101](#_Toc403377099)

[3.5.4 Problems and measures taken 106](#_Toc403377100)

[3.5.5 Example of a project 107](#_Toc403377101)

[3.6 Priority axis 6a, 6b – Technical assistance 109](#_Toc403377102)

[3.6.1 Focus of priority axes/intervention areas 109](#_Toc403377103)

[3.6.2 Progress achieved in implementation of priority axes/intervention areas 110](#_Toc403377104)

[3.6.3 Fulfilment of indicators 112](#_Toc403377105)

[3.6.4 Problems and measures taken 113](#_Toc403377106)

[4 ADMINISTRATION OF THE PROGRAMME 114](#_Toc403377107)

[4.1 Information on the Conduct and Results of Audits and Financial Controls 114](#_Toc403377108)

[4.2 Implementation of the Communication Plan and Publicity Activities 119](#_Toc403377109)

[4.3 Conducted Evaluations and Studies 122](#_Toc403377110)

[4.3.1 Evaluations of the Managing Authority 122](#_Toc403377111)

[4.3.2 Evaluation and Studies of the Intermediate Bodies 124](#_Toc403377112)

[4.4 Other Activities of the Managing Authority and the Monitoring Committee 125](#_Toc403377113)

[4.4.1 Activities of the Managing Authority 125](#_Toc403377114)

[4.4.2 Activities of the Monitoring Committee 126](#_Toc403377115)

[4.4.3 Activities of the Working Groups 126](#_Toc403377116)

[4.5 Administrative Capacity of the Programme's Implementation Structure Bodies 128](#_Toc403377117)

[5 MAIN CONCLUSIONS 132](#_Toc403377118)

[LIST OF ABBREVIATIONS 133](#_Toc403377119)

[ANNEXES 135](#_Toc403377120)

[Annex No 1 – Publicity Activities in the Period from 1 Apr 2014 to 30 Sep 2014 136](#_Toc403377121)

[Annex No 2 – Action Plan 141](#_Toc403377122)

[Annex No 3 – Summary of Measures Adopted in Response to Conclusions from the 13th meeting of IOP MC 151](#_Toc403377123)

[Annex No 4 – Summary of Corrective Measures from Actions Plans to Evaluations completed in 2013 152](#_Toc403377124)

**List of tables:**

[Table No 1 - Allocation by year and objective (EUR) 8](#_Toc403376989)

[Table No 2 - Intermediate Bodies of IOP by intervention area 9](#_Toc403376990)

[Table No 3 - Status of IOP absorption cumulatively as of 30 Sep 2014 (in mil. CZK/EUR) 10](#_Toc403376991)

[Table No 4 - Progress achieved in IOP absorption in the period from 1 Apr 2014 to 30 Sep 2014 (in mil. CZK/EUR) 12](#_Toc403376992)

[Table No 5 - Overview of ongoing calls in the period from 1 Apr 2014 to 30 Sep 2014 17](#_Toc403376993)

[Table No 6 - Summary of sleeping and risky projects by aid beneficiary 21](#_Toc403376994)

[Table No 7 - Overview of the number of measures by IOP implementation body 22](#_Toc403376995)

[Table No 8 - Progress achieved in the implementation of major projects 26](#_Toc403376996)

[Table No 9 - Fulfilment of n+3/n+2 rule (EU share in EUR) 27](#_Toc403376997)

[Table No 10 - Fulfilment of n+3/n+2 rule (in EUR) under Convergence objective 28](#_Toc403376998)

[Table No 11 - Fulfilment of n+3/n+2 rule (in EUR) under RCE 28](#_Toc403376999)

[Table No 12 - Fulfilment of n+2 rule (in EUR) by intervention area 31](#_Toc403377000)

[Table No 13 - Fulfilment of n+2 rule (in EUR) by ministry 34](#_Toc403377001)

[Table No 14 - Forecast of submitted applications for payment 35](#_Toc403377002)

[Table No 15 - Forecast of approved applications for payment 36](#_Toc403377003)

[Table No 16 - Comparison of the forecast and the actual value of submitted applications for payment by intervention area 39](#_Toc403377004)

[Table No 17 - Comparison of the forecast and the actual value of submitted applications for payment by ministry 41](#_Toc403377005)

[Table No 18 - Comparison of the forecast and the actual value of approved applications for payment by intervention area 44](#_Toc403377006)

[Table No 19 - Comparison of the forecast and the actual value of approved applications for payment by ministry 46](#_Toc403377007)

[Table No 20 - Cumulative progress at the level of Intervention area 1.1a and 1.1b (in mil. CZK/EUR) 57](#_Toc403377008)

[Table No 21 - Output indicators 59](#_Toc403377009)

[Table No 22 - Result indicators 59](#_Toc403377010)

[Table No 23 - Cumulative progress at the level of Intervention area 2.1 (in mil. CZK/EUR) 64](#_Toc403377011)

[Table No 24 - Overview of ongoing calls in the period from 1 Apr 2014 to 30 Sep 2014 in Priority axis 2 65](#_Toc403377012)

[Table No 25 - Output indicators 66](#_Toc403377013)

[Table No 26 - Result indicators 66](#_Toc403377014)

[Table No 27 - Cumulative progress at the level of Intervention area 3.1 (in mil. CZK/EUR) 69](#_Toc403377015)

[Table No 28 - Cumulative progress at the level of Intervention area 3.2 (in mil. CZK/EUR) 70](#_Toc403377016)

[Table No 29 - Cumulative progress at the level of Intervention area 3.3 (in mil. CZK/EUR) 71](#_Toc403377017)

[Table No 30 - Cumulative progress at the level of Intervention area 3.4 (in mil. CZK/EUR) 71](#_Toc403377018)

[Table No 31 - Overview of ongoing calls in the period from 1 Apr 2014 to 30 Sep 2014 in Priority axis 3 74](#_Toc403377019)

[Table No 32 - Output indicators 78](#_Toc403377020)

[Table No 33 - Result indicators 80](#_Toc403377021)

[Table No 34 - Cumulative progress at the level of Intervention area 4.1a and 4.1b (in mil. CZK/EUR) 91](#_Toc403377022)

[Table No 35 - Overview of ongoing calls in the period from 1 Apr 2014 to 30 Sep 2014 in Priority axis 4a and 4b 92](#_Toc403377023)

[Table No 36 - Output indicators 93](#_Toc403377024)

[Table No 37 - Result indicators 93](#_Toc403377025)

[Table No 38 - Cumulative progress at the level of Intervention area 5.1 (in mil. CZK/EUR) 98](#_Toc403377026)

[Table No 39 - Cumulative progress at the level of Intervention area 5.2 (in mil. CZK/EUR) 99](#_Toc403377027)

[Table No 40 - Cumulative progress at the level of Intervention area 5.3 (in mil. CZK/EUR) 99](#_Toc403377028)

[Table No 41 - Overview of ongoing calls in PA 5 100](#_Toc403377029)

[Table No 42 - Number of calls for IUDP 100](#_Toc403377030)

[Table No 43 - Information on the status of absorption of IUDP allocation for Intervention area 5.2 100](#_Toc403377031)

[Table No 44 - Output indicators 103](#_Toc403377032)

[Table No 45 - Result indicators 104](#_Toc403377033)

[Table No 46 - Cumulative progress at the level of Intervention area 6.1a and 6.1b (in mil. CZK/EUR) 110](#_Toc403377034)

[Table No 47 - Cumulative progress at the level of Intervention area 6.2a and 6.2b (in mil. CZK/EUR) 111](#_Toc403377035)

[Table No 48 - Overview of ongoing calls in the period from 1 Apr 2014 to 30 Sep 2014 in Priority axis 6 112](#_Toc403377036)

[Table No 49 - Output indicators 112](#_Toc403377037)

[Table No 50 - Result indicators 113](#_Toc403377038)

[Table No 51 - Overview of conducted education and training activities 125](#_Toc403377039)

[Table No 52 - Status of administrative capacity of IOP implementation structure 128](#_Toc403377040)

[Table No 53 - Monitoring of the status of administrative capacity in the programming period 2007 – 2013 129](#_Toc403377041)

[Table No 54 - Proposal for administrative capacity of IOP IBs for the period from December 2015 to June 2016 130](#_Toc403377042)

[Table No 55 - Monitoring of the turnover rate by post and implementation body 131](#_Toc403377043)

**List of charts:**

[Chart No 1 - Progress in IOP absorption as of 30 Sep 2014 16](#_Toc403371432)

[Chart No 2 - Fulfilment of n+2 rule under Convergence objective (in mil. EUR) 30](#_Toc403371433)

[Chart No 3 - Fulfilment of n+2 rule under Regional competitiveness and employment objective (in mil. EUR) 31](#_Toc403371434)

[Chart No 4 - Rate of fulfilment of forecasts of submitted applications for payment by intervention area 40](#_Toc403371435)

[Chart No 5 - Rate of fulfilment of forecasts of approved applications for payment by intervention area 45](#_Toc403371436)

[Chart No 6 - Percentage of rejected projects by stage of administration 53](#_Toc403371437)

[Chart No 7 - Rejected projects by intervention area 54](#_Toc403371438)

[Chart No 8 - Comparison of physical and financial progress in Intervention area 1.1 62](#_Toc403371439)

[Chart No 9 - Comparison of physical and financial progress in Intervention area 2.1 69](#_Toc403371440)

[Chart No 10 - Comparison of physical and financial progress in Intervention area 3.1 83](#_Toc403371441)

[Chart No 11 - Comparison of physical and financial progress in Intervention area 3.2 84](#_Toc403371442)

[Chart No 12 - Comparison of physical and financial progress in Intervention area 3.3 84](#_Toc403371443)

[Chart No 13 - Comparison of physical and financial progress in Intervention area 3.4 85](#_Toc403371444)

[Chart No 14 - Comparison of physical and financial progress in Intervention area 4.1 96](#_Toc403371445)

[Chart No 15 - Comparison of physical and financial progress in Intervention area 5.1 107](#_Toc403371446)

[Chart No 16 - Comparison of physical and financial progress in Intervention area 5.2 107](#_Toc403371447)

[Chart No 17 - Comparison of physical and financial progress in Intervention area 5.3 108](#_Toc403371448)

# INTRODUCTION

**The Integrated Operational Programme** is implemented in the 2007-2013 programming period. The programme focuses on addressing common regional issues in the field of infrastructure for public administration, public services and territorial development: development of information technologies in public administration, improving the infrastructure for social services, public health, employment services and services in the field of security, risk prevention and management, support of tourism, cultural heritage, improving the environment in housing estates and development of systems for creation of territorial policies. The Managing Authority of IOP is the Ministry of Regional Development of the CR, the activities of Intermediate Bodies are performed by the Ministry of Interior of the CR, the Ministry of Labour and Social Affairs of the CR, the Ministry of Health of the CR and the Centre for Regional Development of the CR.

The total IOP allocation amounts to EUR 1 906.8 million, namely the ERDF contribution and national public funding. Major part of this allocation in the amount of **EUR 1 872.2 million** is channelled to the **Convergence objective** (assistance intended for the entire territory of the CR except for the City of Prague), and **EUR 34.6 million** goes to the **Regional competitiveness and employment objective** (assistance intended for the territory of the City of Prague).

**Details concerning the progress and implementation of IOP in the period from 1 Apr 2014 to 30 Sep 2014** are presented in this Report on Implementation intended for the 14th meeting of the IOP Monitoring Committee, compiled by the IOP Managing Authority in cooperation with other actors involved in the programme.

**The Report on Implementation of the Integrated Operational Programme** as of 30 September 2014 (hereinafter referred to as the “Report”) provides summary information on the state of play of programme implementation and on progress achieved in the accomplishment of programme objectives and goals set for each priority axis. The report follows on the previous Report on Implementation of the programme compiled as of 31 March 2014, submitted at the thirteenth meeting of the IOP Monitoring Committee, held on 2 June 2014.

This Report is elaborated in line with the applicable version of the Methodology for Monitoring of SF and CF programmes 2007-2013 and the Guideline for drafting the Report on Implementation issued by the Ministry of Regional Development, which pursuant to Resolution of the CR Government No 198 of 22 February 2006 plays the role of the National Coordination Authority (NCA) of the National Strategic Reference Framework of the CR (NSRF).

In terms of its structure, the Report comprises data on main activities performed since the last MC meeting; on programme implementation (difficulties faced in programme implementation, major projects, description of the course of programme implementation, financial execution); on controls and audits; on technical assistance implementation; on administrative capacity; on the Communication Plan (meeting the publicity requirements, examples of successful projects), and on accomplishment of the Evaluation Plan.

The Report is drawn up for the purposes of the 14th meeting of the IOP Monitoring Committee held on 24 November 2014. The Report is submitted to the IOP Monitoring Committee members for information.

# 1 PROGRAMME IDENTIFICATION

The Integrated Operational Programme is implemented in the Czech Republic based on the National Strategic Reference Framework 2007-2013 programming period.

The IOP opted for the strategy of assistance at national level with all-national impact on improving the quality of life of inhabitants and enhancing attractiveness of the CR for investors as a result of better effectiveness and accessibility of public administration and public services. Due to the system concept of the assistance, it is necessary for the selected areas to be targeted at the whole territory of the CR, the City of Prague inclusive. Therefore, the IOP is designed as a multi-objective programme in line with Article 32 (1) of the General Regulation and on the basis of discussions with the EC, apart from the main focus of assistance on support to regions under the Convergence objective it also facilitates the support granted under the Regional competitiveness and employment objective (RCE).

1. **Allocation by year and objective (EUR)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Year** | **ERDF**  **Convergence objective** | **ERDF**  **RCE objective** | **Total** |
| 2007 | 192 686 939 | 3 951 894 | 196 638 833 |
| 2008 | 202 164 946 | 4 030 931 | 206 195 877 |
| 2009 | 211 684 389 | 4 111 551 | 215 795 940 |
| 2010 | 221 648 970 | 4 193 781 | 225 842 751 |
| 2011 | 237 465 225 | 4 277 657 | 241 742 882 |
| 2012 | 247 398 119 | 4 363 210 | 251 761 329 |
| 2013 | 278 308 099 | 2 736 597 | 281 044 696 |
| **Total for 2007 - 2013** | **1 591 356 687** | **27 665 621** | **1 619 022 308** |

*Source: Programming Document, December 2013*

In accordance with Government Resolution No 175/2006, the Ministry of Regional Development was designated to act as the IOP Managing Authority. The MA fulfils its tasks in line with Article 60 of Council Regulation (EC) No 1083/2006. Pursuant to Article 59 (2), or Article 42 (1) of Council Regulation (EC) No 1083/2006, the MA delegates some of the tasks to the Intermediate Bodies.

Due to insufficient administrative capacity, i.e. understaffing of the MoLSA and MoI, the MRD CR in 2009 concluded with the MoLSA CR and the MoI CR the Addenda to the Agreement on delegating the tasks of the IOP Managing Authority. The Addenda concerned the involvement of the CRD CR in the administration of projects under Intervention areas 2.1, 3.1, 3.3 and 3.4. Since 1 Jul 2012 there has been a change in delegated activities under Intervention areas 2.1 and 3.4. The remaining administrative activities have been transferred from the Ministry of Interior of the CR to the Ministry of Regional Development of the CR and the Centre for Regional Development of the CR.

In the course of 2013, a modification was made in the Agreement on delegating the tasks of the Managing Authority of the Integrated Operational Programme to the Ministry of Culture of the CR as the Intermediate Body for Intervention area 5.1 National support for utilising the cultural heritage potential. The activities of the MoC CR were as of 1 Nov 2013 delegated to the Ministry of Regional Development of the CR and the Centre for Regional Development of the CR.

The powers with respect to the individual IOP intervention areas are listed in the table below.

1. **Intermediate Bodies of IOP by intervention area**

|  |  |
| --- | --- |
| **Intervention area** | **Intermediate Body** |
| **1.1 a, b** Developing information society in public administration | Ministry of Interior CR (SF Department) |
| **2.1** Introducing ICT in territorial public administration | Ministry of Interior CR (SF Department) until 30 June 2012,  Centre for Regional Development CR from 1 July 2012 |
| **3.1** Social integration services | Ministry of Labour and Social Affairs CR (EU Funds Implementation Department and Programme Financing Department),  Centre for Regional Development CR |
| **3.2** Public health services | Ministry of Health CR (EU Funds Department) |
| **3.3** Employment services | Ministry of Labour and Social Affairs CR (EU Funds Implementation Department and Programme Financing Department),  Centre for Regional Development CR |
| **3.4** Services in security, risk prevention and management | Ministry of Interior CR (SF Department) until 30 June 2012,  Centre for Regional Development CR from 1 July 2012 |
| **4.1 a, b** National support of tourism | Centre for Regional development CR |
| **5.1** National support for utilising the cultural heritage potential | Ministry of Culture CR (Strategy and Aid Policy Department) until 31 October 2013  Centre for Regional Development from 1 November 2013 |
| **5.2** Improving the environment in problematic housing estates | Centre for Regional Development CR |
| **5.3** Modernisation and development of systems for creating territorial policies | Centre for Regional Development CR |
| **6.1 a, b** Activities connected with the IOP management **6.2 a, b** Other costs of the IOP technical assistance | Centre for Regional Development CR |

# 2 OVERVIEW OF PROGRAMME IMPLEMENTATION

## 2.1 Summary Tables on Progress Achieved in IOP Implementation

In line with the NCA Guideline for drafting the report on implementation, the **Submitted project applications** column includes all the applications registered in IS Monit7+ IOP as of 30 Sep 2014, namely also those that were rejected and will not be implemented. The **Funds covered by the Decision/signed Contract** column represents the financial volume of projects for which the Decision on providing a grant, or the Statement of expenditure, were issued, and does not comprise projects not completed due to the project withdrawal by the beneficiary or due to the MA/IB decision.

**The Approved projects** in this Report shall mean **the projects with issued Decision or Statement of expenditure** (stated in the relevant tables). The aggregate payment claims are converted with the use of the exchange rate valid at the time when the payment claim is accounted for, whereas the value   
of reimbursed applications is converted at the exchange rate of October 2014 (i.e. EUR 1 = CZK 27.54).

1. **Status of IOP absorption cumulatively as of 30 Sep 2014 (in mil. CZK/EUR)**

| **PA/IA** | **Total allocation for 2007-2013** | | **Submitted applications** | | | | **Funds covered by the Decision/ Contract (Addendum)** | | | | **Funds paid to beneficiaries (funds that have been accounted for)** | | | **Aggregate payment claims accounted for by the PCA** | | | **Certified funds (including recoveries)** | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **mil. CZK** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** |
| **a** | **b** | **C** | **c/a** | **d** | **e** | **e/a** | **f** | **f/a** | **g** | **g/a** | **h** | **h/a** |
| 1a | 7 656,19 | 290,94 | 141 | 12 273,40 | 160,31 | 458,60 | 55 | 5 608,10 | 73,25 | 216,50 | 4 389,22 | 57,33 | 172,32 | 4 249,44 | 55,50 | 167,24 | 3 997,25 | 52,21 | 157,74 |
| **1a** | **7 656,19** | **290,94** | **141** | **12 273,40** | **160,31** | **458,60** | **55** | **5 608,10** | **73,25** | **216,50** | **4 389,22** | **57,33** | **172,32** | **4 249,44** | **55,50** | **167,24** | **3 997,25** | **52,21** | **157,74** |
| 1b | 588,94 | 22,38 | 0 | 944,11 | 160,31 | 35,28 | 0 | 431,39 | 73,25 | 16,65 | 337,63 | 57,33 | 13,25 | 326,88 | 55,50 | 12,86 | 307,48 | 52,21 | 12,13 |
| **1b** | **588,94** | **22,38** | **0** | **944,11** | **160,31** | **35,28** | **0** | **431,39** | **73,25** | **16,65** | **337,63** | **57,33** | **13,25** | **326,88** | **55,50** | **12,86** | **307,48** | **52,21** | **12,13** |
| 2.1. | 3 929,27 | 148,51 | 6 069 | 5 618,21 | 142,98 | 209,84 | 5 593 | 4 153,43 | 105,70 | 156,65 | 2 205,52 | 56,13 | 85,92 | 2 171,00 | 55,25 | 84,67 | 2 081,46 | 52,97 | 81,39 |
| **2** | **3 929,27** | **148,51** | **6 069** | **5 618,21** | **142,98** | **209,84** | **5 593** | **4 153,43** | **105,70** | **156,65** | **2 205,52** | **56,13** | **85,92** | **2 171,00** | **55,25** | **84,67** | **2 081,46** | **52,97** | **81,39** |
| 3.1 | 1 480,56 | 54,64 | 474 | 3 210,61 | 216,85 | 117,46 | 121 | 1 386,67 | 93,66 | 51,23 | 439,39 | 29,68 | 16,84 | 353,80 | 23,90 | 13,73 | 329,33 | 22,24 | 12,84 |
| 3.2 | 6 521,06 | 248,48 | 249 | 9 585,40 | 146,99 | 359,75 | 180 | 6 156,61 | 94,41 | 235,25 | 4 173,36 | 64,00 | 163,23 | 3 810,19 | 58,43 | 150,05 | 3 548,83 | 54,42 | 140,08 |
| 3.3 | 1 071,90 | 40,21 | 29 | 1 854,55 | 173,02 | 68,63 | 16 | 780,28 | 72,79 | 29,44 | 533,23 | 49,75 | 20,65 | 519,86 | 48,50 | 20,16 | 518,48 | 48,37 | 20,11 |
| 3.4 | 7 349,36 | 271,29 | 158 | 10 100,79 | 137,44 | 371,19 | 141 | 6 583,52 | 89,58 | 243,48 | 2 068,70 | 28,15 | 79,54 | 2 000,12 | 27,21 | 77,05 | 1 854,67 | 25,24 | 71,77 |
| **3** | **16 422,87** | **614,62** | **910** | **24 751,34** | **150,71** | **917,03** | **458** | **14 907,08** | **90,77** | **559,40** | **7 214,68** | **43,93** | **280,26** | **6 683,97** | **40,70** | **260,99** | **6 251,31** | **38,06** | **244,80** |
| 4a | 1 609,53 | 60,57 | 110 | 3 961,12 | 246,10 | 146,01 | 37 | 1 462,63 | 90,87 | 55,21 | 842,93 | 52,37 | 32,73 | 796,80 | 49,51 | 31,06 | 720,43 | 44,76 | 28,18 |
| **4a** | **1 609,53** | **60,57** | **110** | **3 961,12** | **246,10** | **146,01** | **37** | **1 462,63** | **90,87** | **55,21** | **842,93** | **52,37** | **32,73** | **796,80** | **49,51** | **31,06** | **720,43** | **44,76** | **28,18** |
| 4b | 123,81 | 4,66 | 0 | 304,87 | 246,24 | 11,23 | 0 | 112,50 | 90,86 | 4,25 | 64,84 | 52,37 | 2,52 | 61,29 | 49,50 | 2,39 | 55,42 | 44,76 | 2,17 |
| **4b** | **123,81** | **4,66** | **0** | **304,87** | **246,24** | **11,23** | **0** | **112,50** | **90,86** | **4,25** | **64,84** | **52,37** | **2,52** | **61,29** | **49,50** | **2,39** | **55,42** | **44,76** | **2,17** |
| 5.1 | 5 694,70 | 213,74 | 70 | 14 902,98 | 261,70 | 548,10 | 21 | 5 283,68 | 92,78 | 198,81 | 3 109,63 | 54,61 | 119,87 | 3 039,23 | 53,37 | 117,31 | 2 627,63 | 46,14 | 102,36 |
| 5.2 | 5 535,39 | 213,38 | 1 477 | 6 225,95 | 112,48 | 238,45 | 1 384 | 5 362,37 | 96,87 | 207,10 | 3 974,37 | 71,80 | 156,70 | 3 882,69 | 70,14 | 153,37 | 3 645,91 | 65,87 | 144,72 |
| 5.3 | 399,97 | 15,53 | 700 | 498,69 | 124,68 | 19,11 | 591 | 404,61 | 101,16 | 15,70 | 401,73 | 100,44 | 15,59 | 399,79 | 99,96 | 15,52 | 377,36 | 94,35 | 14,70 |
| **5** | **11 630,06** | **442,64** | **2 247** | **21 627,63** | **185,96** | **805,66** | **1 996** | **11 050,65** | **95,02** | **421,60** | **7 485,73** | **64,37** | **292,16** | **7 321,72** | **62,96** | **286,20** | **6 650,91** | **57,19** | **261,78** |
| 6.1a | 707,07 | 27,18 | 48 | 1 070,90 | 151,46 | 40,39 | 46 | 756,13 | 106,94 | 28,96 | 525,71 | 74,35 | 20,59 | 500,91 | 70,84 | 19,69 | 432,21 | 61,13 | 17,07 |
| 6.2a | 181,52 | 6,90 | 75 | 346,20 | 190,73 | 12,88 | 68 | 185,79 | 102,36 | 7,05 | 93,59 | 51,56 | 3,70 | 91,85 | 50,60 | 3,64 | 90,00 | 49,58 | 3,57 |
| **6a** | **888,59** | **34,07** | **123** | **1 417,10** | **159,48** | **53,27** | **114** | **941,93** | **106,00** | **36,01** | **619,30** | **69,70** | **24,30** | **592,76** | **66,71** | **23,33** | **522,22** | **58,77** | **20,64** |
| 6.1b | 13,00 | 0,50 | 0 | 19,69 | 151,47 | 0,74 | 0 | 13,90 | 106,95 | 0,53 | 9,67 | 74,38 | 0,38 | 9,21 | 70,87 | 0,36 | 7,95 | 61,15 | 0,31 |
| 6.2b | 3,34 | 0,13 | 0 | 6,36 | 190,70 | 0,24 | 0 | 3,42 | 102,34 | 0,13 | 1,72 | 51,58 | 0,07 | 1,69 | 50,61 | 0,07 | 1,66 | 49,60 | 0,07 |
| **6b** | **16,34** | **0,63** | **0** | **26,05** | **159,49** | **0,98** | **0** | **17,32** | **106,01** | **0,66** | **11,39** | **69,72** | **0,45** | **10,90** | **66,73** | **0,43** | **9,60** | **58,79** | **0,38** |
| **Total** | **42 865,59** | **1 619,02** | **9 602** | **71 020,86** | **165,68** | **2 641,36** | **8 253** | **38 685,02** | **90,25** | **1 466,93** | **23 171,25** | **54,06** | **903,90** | **22 214,75** | **51,82** | **869,17** | **20 596,09** | **48,05** | **809,21** |

*Source MSC2007 as of 3 Oct 2014;*

*Source of funding: EU share*

*CZK/EUR exchange rate:*

* *For conversion of allocation in column a) the amounts are not directly converted at the valid exchange rate since the data are made more accurate through the aggregate payment claims accounted for in IS Viola using the same algorithm as in c) – f) columns;*
* *For conversion of c) – f) columns: 27.54, or the exchange rate valid at the time of accounting for of the application for payment in IS Viola, is used;*
* *For conversion of g) – h) columns the exchange rate valid at the time of accounting for of the aggregate payment claim in IS Viola is used.*

**Cumulatively as of 30 Sep 2014,** a total of 9 602 project applications were submitted totalling EUR 2 641.36 million, which represents 165.68 % of the total allocation of the programme. A markedly excessive number of project applications was reported in Intervention areas 5.1 (261.7 %), 4.1 (246.1 %) and 3.1 (216.85 %).

A total of 8 253 projects in the amount of EUR 1 466.93 million were **approved**, which represents 90.25 % of the total allocation of the programme. The share of approved funds in Intervention areas 2.1 and 5.3 exceeds 100 % of the allocation. The IOP MA assumes that thanks to the savings in projects lower amounts will be reimbursed to beneficiaries, which will make funds available to cover the expenditure of projects constituting the overcommitment.

**The beneficiaries were reimbursed a total of** EUR 903.9 million, which represents 54.06 % of the total allocation. The highest share of reimbursed funds with respect to the allocation is seen in Intervention areas 5.3 (100.4 %) and 3.2 (64 %). The lowest share of funds was reimbursed in Intervention areas 3.1 (16.84%) and 3.4 (28,5 %).

The **aggregate payment claims** accounted for by the PCA total EUR 869.2 million**,** which represents 51.82 % of the programme allocation. The trend is the same as in the volume of funds paid to beneficiaries. The largest volume of funds accounted for in the aggregate payment claims is exhibited by Intervention areas 5.3 (99.9 %) and 5.2 (70.1 %). The lowest share is seen in Intervention areas 3.1 (23.9 %) and 3.4 (27.2 %).

The **certified expenditure** submitted to the EC totals EUR 809.21 million, which represents 48.05 % of the total programme allocation. The highest volume of expenditure with respect to the allocation to the Intervention area was certified in Intervention area 5.3, namely 94.35 % of the allocation.

1. **Progress achieved in IOP absorption in the period from 1 Apr 2014 to 30 Sep 2014 (in mil. CZK/EUR)** [[1]](#footnote-1)

| **Priori-ty axis** | **Total allocation for 2007-2013** | | **Submitted applications** | | | | **Funds covered by the Decision/ Contract (Addendum)** | | | | **Funds paid to beneficiaries (funds that have been accounted for)** | | | **Aggregate payment claims accounted for by the PCA** | | | **Certified funds (including recoveries)** | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **mil. CZK** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** |
| 1a | 7 656,19 | 290,94 | 40 | 1 925,53 | 25,15 | 68,94 | -1 | -838,16 | -10,95 | -30,83 | 274,19 | 3,58 | 9,94 | 182,74 | 2,39 | 6,63 | 76,45 | 1,00 | 2,61 |
| **1a** | **7 656,19** | **290,94** | **40** | **1 925,53** | **25,15** | **68,94** | **-1** | **-838,16** | **-10,95** | **-30,83** | **274,19** | **3,58** | **9,94** | **182,74** | **2,39** | **6,63** | **76,45** | **1,00** | **2,61** |
| 1b | 588,94 | 22,38 | 0 | 148,12 | 25,15 | 5,30 | 0 | -64,47 | -10,95 | -2,37 | 21,09 | 3,58 | 0,76 | 14,06 | 2,39 | 0,51 | 5,88 | 1,00 | 0,20 |
| **1b** | **588,94** | **22,38** | **0** | **148,12** | **25,15** | **5,30** | **0** | **-64,47** | **-10,95** | **-2,37** | **21,09** | **3,58** | **0,76** | **14,06** | **2,39** | **0,51** | **5,88** | **1,00** | **0,20** |
| 2.1 | 3 929,27 | 148,51 | 215 | 698,14 | 17,77 | 24,92 | 116 | 587,75 | 14,96 | 21,12 | 149,83 | 3,81 | 5,45 | 196,98 | 5,01 | 7,18 | 148,90 | 3,79 | 5,43 |
| **2** | **3 929,27** | **148,51** | **215** | **698,14** | **17,77** | **24,92** | **116** | **587,75** | **14,96** | **21,12** | **149,83** | **3,81** | **5,45** | **196,98** | **5,01** | **7,18** | **148,90** | **3,79** | **5,43** |
| 3.1 | 1 480,56 | 54,64 | 0 | 0,00 | 0,00 | -0,45 | -4 | -65,95 | -4,45 | -2,57 | 97,39 | 6,58 | 3,54 | 24,64 | 1,66 | 0,90 | 19,00 | 1,28 | 0,69 |
| 3.2 | 6 521,06 | 248,48 | 0 | 0,00 | 0,00 | -0,89 | -4 | -84,16 | -1,29 | -3,43 | 267,23 | 4,10 | 9,69 | 68,97 | 1,06 | 2,51 | -24,37 | -0,37 | -0,98 |
| 3.3 | 1 071,90 | 40,21 | 0 | 0,00 | 0,00 | -0,21 | 0 | -251,41 | -23,45 | -9,39 | 59,13 | 5,52 | 2,15 | 45,77 | 4,27 | 1,67 | 60,75 | 5,67 | 2,22 |
| 3.4 | 7 349,36 | 271,29 | 28 | 1 988,28 | 27,05 | 71,22 | 16 | 2 349,50 | 31,97 | 84,94 | 373,01 | 5,08 | 13,56 | 308,65 | 4,20 | 11,23 | 300,59 | 4,09 | 10,97 |
| **3** | **16 422,87** | **614,62** | **28** | **1 988,28** | **12,11** | **69,67** | **8** | **1 947,99** | **11,86** | **69,55** | **796,76** | **4,85** | **28,94** | **448,02** | **2,73** | **16,31** | **355,97** | **2,17** | **12,90** |
| 4a | 1 609,53 | 60,57 | 19 | 533,73 | 33,16 | 19,02 | 1 | 9,63 | 0,60 | 0,24 | 127,37 | 7,91 | 4,63 | 87,40 | 5,43 | 3,18 | 27,79 | 1,73 | 0,92 |
| **4a** | **1 609,53** | **60,57** | **19** | **533,73** | **33,16** | **19,02** | **1** | **9,63** | **0,60** | **0,24** | **127,37** | **7,91** | **4,63** | **87,40** | **5,43** | **3,18** | **27,79** | **1,73** | **0,92** |
| 4b | 123,81 | 4,66 | 19 | 41,25 | 33,32 | 1,45 | 1 | 0,74 | 0,60 | 0,02 | 9,80 | 7,91 | 0,36 | 6,72 | 5,43 | 0,24 | 2,14 | 1,73 | 0,07 |
| **4b** | **123,81** | **4,66** | **19** | **41,25** | **33,32** | **1,45** | **1** | **0,74** | **0,60** | **0,02** | **9,80** | **7,91** | **0,36** | **6,72** | **5,43** | **0,24** | **2,14** | **1,73** | **0,07** |
| 5.1 | 5 694,70 | 213,74 | 19 | 1 482,92 | 26,04 | 52,14 | 1 | -94,87 | -1,67 | -3,91 | 579,13 | 10,17 | 21,01 | 600,34 | 10,54 | 21,79 | 200,22 | 3,52 | 7,29 |
| 5.2 | 5 535,39 | 213,38 | 41 | 430,19 | 7,77 | 15,27 | 30 | 394,56 | 7,13 | 14,10 | 347,90 | 6,29 | 12,62 | 346,60 | 6,26 | 12,58 | 266,70 | 4,82 | 9,72 |
| 5.3 | 399,97 | 15,53 | 0 | 0,00 | 0,00 | -0,02 | 9 | 1,74 | 0,44 | 0,05 | 22,11 | 5,53 | 0,80 | 22,10 | 5,53 | 0,80 | 6,70 | 1,67 | 0,24 |
| **5** | **11 630,06** | **442,64** | **60** | **1 913,11** | **16,45** | **67,39** | **40** | **301,43** | **2,59** | **10,25** | **949,15** | **8,16** | **34,43** | **969,04** | **8,33** | **35,18** | **473,61** | **4,07** | **17,26** |
| 6.1a | 707,07 | 27,18 | 0 | 0,00 | 0,00 | -0,09 | 2 | 3,37 | 0,48 | 0,08 | 66,71 | 9,44 | 2,43 | 53,85 | 7,62 | 1,96 | 13,59 | 1,92 | 0,50 |
| 6.2a | 181,52 | 6,90 | 2 | 6,49 | 3,57 | 0,20 | 4 | 6,80 | 3,75 | 0,23 | 3,05 | 1,68 | 0,11 | 1,31 | 0,72 | 0,05 | 2,92 | 1,61 | 0,11 |
| **6a** | **888,59** | **34,07** | **2** | **6,49** | **0,73** | **0,11** | **6** | **10,18** | **1,15** | **0,31** | **69,76** | **7,85** | **2,54** | **55,16** | **6,21** | **2,01** | **16,50** | **1,86** | **0,60** |
| 6.1b | 13,00 | 0,50 | 0 | 0,00 | 0,00 | 0,00 | 0 | 0,06 | 0,48 | 0,00 | 1,23 | 9,44 | 0,04 | 0,99 | 7,62 | 0,04 | 0,25 | 1,92 | 0,01 |
| 6.2b | 3,34 | 0,13 | 0 | 0,12 | 3,57 | 0,00 | 0 | 0,13 | 3,75 | 0,00 | 0,06 | 1,68 | 0,00 | 0,02 | 0,72 | 0,00 | 0,05 | 1,61 | 0,00 |
| **6b** | **16,34** | **0,63** | **0** | **0,12** | **0,73** | **0,00** | **0** | **0,19** | **1,15** | **0,01** | **1,28** | **7,85** | **0,05** | **1,01** | **6,21** | **0,04** | **0,30** | **1,86** | **0,01** |
| **Total for IOP** | **42 865,59** | **1 619,02** | **364** | **7 254,80** | **16,92** | **256,75** | **170** | **1 955,27** | **4,56** | **68,30** | **2 399,22** | **5,60** | **87,10** | **1 961,13** | **4,58** | **71,27** | **1 107,55** | **2,58** | **40,02** |

*Source MSC2007 as of 3 Oct 2014;*

*Source of funding: EU share*

*CZK/EUR exchange rate:*

* *For conversion of allocation in column a) the amounts are not directly converted at the valid exchange rate since the data are made more accurate through the aggregate payment claims accounted for in IS Viola using the same algorithm as in c) – f) columns;*
* *For conversion of c) – f) columns: 27.54, or the exchange rate valid at the time of accounting for of the application for payment in IS Viola, is used;*
* *For conversion of g) – h) columns the exchange rate valid at the time of accounting for of the aggregate payment claim in IS Viola is used.*

**In the period from 1 Apr 2014 to 30 Sep 2014,** a total of364 project applications in the amount of EUR 256.75 million were submitted (16.9 % of programme allocation). The largest volume was submitted in Intervention areas 1.1 (EUR 74.2 million – 25.2 % of the allocation), 3.4 (EUR 71.2 million – 27.1 % of the allocation), and 5.1 (EUR 52.14 million – 26.0 % of the allocation).

Altogether 170 projects in the volume of EUR 68.3 million were **approved** (4.6 % of the programme allocation). The volume of approved funds increased the most in Intervention area 3.4 (by EUR 84.9 million – 31.9 % of the allocation). The amount of projects with issued Decision/signed Contract includes the changes in the Decision issued due to savings on the part of the beneficiary, the amounts can thus be lower than the data given in the previous Report on Implementation. Such situation occurred in Intervention area 5.1 (decrease by EUR 3.9 million). In other intervention areas showing a negative progress, the applicants withdrew from project implementation. There were several reasons for withdrawal of projects by applicants. A part of projects under Intervention area 3.1 were withdrawn due to the disagreement of local governments and citizens with the implementation of projects, which caused complications and protractions in building permit procedure and issuance of a valid building permit. Frequently, the reason of withdrawal of projects from implementation by the applicants is also the necessity to repeat the tender which thwarts the implementation of time-intensive projects since they can no more be completed within the set deadline.

In the monitored period, the **beneficiaries were paid** EUR 87.1 million (5.6 % of programme allocation). The largest volume of funds was reimbursed to beneficiaries in Intervention areas 5.1 (EUR 21.01 million) and 3.4 (EUR 13.56 million).

**The aggregate payments claims accounted for by the PCA** in the monitored period totalled EUR 71.3 million (4.58 % of the allocation). The trend mirrors the progress made in reimbursement of funds to beneficiaries. The largest volume of funds included in aggregate payment claims is shown in Intervention areas 5.1 (EUR 21.79 million), 5.2 (EUR 12.58 million), and 3.4 (EUR 11.23 million).

**The certified expenditure** grew by EUR 40.02 million (2.58 %) as against the previous monitoring period. The largest volume of funds was certified in Intervention areas 3.4 (EUR 10.97 million), 5.2 (EUR 9.72 million), and 5.1 (EUR 7.29 million).

Progress in absorption of IOP from 1 Apr 2014 to 30 Sep 2014 is illustrated in Chart No 1. The blue part of the bars indicates the status of absorption as of 31 Mar 2014, while the red part shows the progress in the period from 1 Apr 2014 to 30 Sep 2014. The total heights of bars represent the cumulative status of absorption as of 30 Sep 2014.

1. Progress in IOP absorption as of 30 Sep 2014

*Source: MSC2007 as of 3 Oct 2014;*

*Source of funding – EU share*

*CZK/EUR exchange rate:*

* *For conversion of allocation in the bar “2007-2013 allocation“, the amounts are not directly converted at the valid exchange rate since the data are made more accurate through the aggregate payment claims accounted for in IS Viola based on the same algorithm as in bars “Submitted applications“, “Funds covered by the Decision/Contract (Addendum)“ and “Funds paid to beneficiaries“;*
* *For conversion of bars “Submitted applications“, “Funds covered by the Decision/Contract“, “Funds paid to beneficiaries“: 27.54, or the exchange rate valid at the time of accounting for of the application for payment in IS Viola, is used;*
* *For conversion of bars “Aggregate payment claims accounted for by the PCA“, “Certified funds“, the exchange rate valid at the time of accounting for in IS Viola is used.*

## 2.2 Progress in the Fulfilment of Indicators at the Programme Level

In line with the NCA guidelines for elaboration of the report on implementation, this chapter shall give the indicators monitored by the Managing Authority, i.e. not the indicators monitored by external sources.

In the IOP at the level of the programme, 3 impact indicators are defined. Their achieved values are not generated at the project level and are monitored by an external source.

Due to the referred to facts no indicator is given in this chapter.

## 2.3 Core Activities in the Period from 1 April 2014 to 30 September 2014

### 2.3.1 IOP milestones in the period from 1 April 2014 to 30 September 2014

| **Date** | **Activity** |
| --- | --- |
| 8 Apr 2014 | Evaluation Committee meeting on the 17th call of MoH 3.2 Public health services for activity 3.2a) Controlled modernisation and replacement of medical equipment (medical devices) of national networks of health care facilities, including the technical infrastructure |
| 11 Apr 2014 | Revision of the Handbook for Applicants and Beneficiaries for call No 8 of MoLSA for activity 3.1c) – matters related to monitoring indicators and project sustainability |
| 14 Apr 2014 | Publishing of the 17th call of MoI for Intervention area 1.1 a, b) – Developing information society in public administration. The call was closed on 6 June 2014 |
| 18 Apr 2014 | Amending and supplementing the Handbook for Applicants and Beneficiaries for IA 3.3a) and 3.3b) – change in the draft conditions for the Statement of expenditure, Declaration of the beneficiary for the Statement of expenditure |
| 25 Apr 2014 | Publishing of the call No 24 of MRD for Intervention area 5.1- National support for utilising the cultural heritage potential |
| 28 Apr 2014 | IOP Selection Committee meeting on the 17th call of MoH for Intervention area 3.2 Public health services, activity 3.2a) Controlled modernisation and replacement of medical equipment (medical devices) of national networks of health care facilities, including the technical infrastructure |
| from 2 May 2014 | Commencement of revision of the Handbooks for Applicants and Beneficiaries for all calls for Intervention area 1.1 due to the modification of conditions for the Statement of expenditure/Decision and cutting down the amount of funds in case of any breach thereof |
| 6 May 2014 | Selection Committee meeting on projects from calls of MoLSA No 8 and 1 for activity 3.1c), 17 projects in the total amount of CZK 39 918 546 were recommended for financing |
| 6 May 2014 | Evaluation Committee meeting on the 17th call of MoH for IA 3.2 Public health services for activity 3.2c) Quality and cost management of the public health system |
| 19 May 2014 | Training of evaluators for the 24th call of MRD for Intervention area 5.1- National support for utilising the cultural heritage potential |
| May-June 2014 | Updating the Handbooks for Applicants and Beneficiaries for Intervention area 5.1 for call No 1-3 of MoC and for the 24th call of MRD (revision of the Conditions for the Decision on providing a grant) |
| 2 Jun 2014 | Selection Committee meeting on the 17th call of MoH 3.2 Public health services for activity 3.2c) Quality and cost management of the public health system |
| 3 Jun 2014 | Extension of the call No 4 of MoLSA for activities 3.3a) and 3.3b) until 31 August 2014 |
| 3 Jun 2014 | 13th meeting of IOP Monitoring Committee |
| 5 Jun 2014 | Opinion of IOP MA on the EC letter informing the IOP MA on the payment deadline interruption in Intervention area 3.2 Public health services under IOP |
| 5 Jun 2014 | Amending and supplementing the Handbook for Applicants and Beneficiaries for  IA 3.3a) and 3.3 b) – Statement of expenditure on financing a government agency project |
| 18 Jun 2014 | Increasing the allocation for the 22nd call of MRD for Intervention area 2.1 from CZK 250 to CZK 400 million of ERDF contribution. The call was closed on 30 June 2014. |
| 18 Jun 2014 | Increasing the allocation for the 24th call of MRD for Intervention area 5.1 by CZK 100 million. The call was closed on 30 June 2014. |
| 24 Jun 2014 | Seminar for beneficiaries – MoH calls No 13, 14, 17 and 18 |
| 25 Jun 2014 | Publishing of the call No 25 of MRD for Intervention area 4.1a and 4.1b – National support of tourism, activity d) Presentation and publicity of cultural and natural heritage, culture industry and services for the purpose of tourism at the national level - the call was closed on 1 September 2014 |
| 30 Jun 2014 | Publishing of call No 26 of MRD for Intervention area 3.4 Services in security, risk prevention and management |
| 2, 8 Jul 2014 | Seminars for beneficiaries under activity 3.1b) on meeting the obligations of beneficiaries in project sustainability period, number of participants 9, venue: Prague, Olomouc |
| 2, 8 Jul 2014 | Seminars for beneficiaries under activity 3.1c) on meeting the obligations of beneficiaries in project sustainability period, number of participants 13, venue: Prague, Olomouc |
| 23 Jul  2014 | Meeting with representatives of aid beneficiaries whose projects were selected into a horizontal audit sample |
| 31 Jul  2014 | Selection Committee meeting on call No 17 of MoI for Intervention area 1.1 – 3 projects were recommended for financing |
| 13 Aug 2014 | Selection Committee meeting on call No 17 of MoI for Intervention area 1.1 – 4 projects were recommended for financing |
| 14 Aug 2014 | The EC approved the major project of the General Directorate of the Fire Rescue Service |
| 27 Aug 2014 | Selection Committee meeting on call No 17 of MoI for Intervention area 1.1 – 4 projects were recommended for financing |
| 29 Aug 2014 | Extension of the call No 4 of MoLSA for activities 3.3a) and 3.3b) until 31 December 2014 |
| 29 Aug 2014 | Closure of receipt of applications under the 26th call of MRD for Intervention area 3.4 |
| 4 Sep 2014 | Decision of the Minister of Regional Development No148/2014 on providing a grant to projects under the 24th call of MRD – Part 2 |
| 12 Sep 2014 | Publishing of the 27th call of MRD for Intervention area 3.4 on Mobile rescue resources in inaccessible areas |
| 24 Sep 2014 | IOP and IROP conference: Success stories and new goals |
| 29 Sep 2014 | IOP MA received a letter from the EC quantifying the loss of allocation due to non-fulfilment of the target in line with n+2 rule for 2013 |

### 2.3.2 Overview of ongoing and newly published calls in the period from 1 April 2014 to 30 September 2014

In the period from 1 Apr 2014 to 30 Sep 2014, the project applications were submitted under 13 calls, no calls were opened for Intervention areas 3.1, 3.2 and 5.3. Five new calls were published for Intervention areas 1.1, 3.4., 4.1 and 5.1. As of 30 Sep 2014, a total of 1 933 project applications in the amount of EUR 609.6 million were submitted under all the opened calls. Altogether 1 679 projects in the amount of EUR 456.3 million were approved. The amount allocated to all the ongoing calls in the monitored period equals EUR 432.1 million. Detailed information on calls for individual priority axes is given in Chapter 3.

1. **Overview of ongoing calls in the period from** 1 Apr 2014 to 30 Sep 2014

| **Order of the call** | **Num-ber of the call** | **Submission of project applications** | | **Type of the call** | **IA** | **Allocation for the call**  **in EUR** | **Submitted applications for support** | | **Projects with issued Decision/signed Contract[[2]](#footnote-2)** | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|
| **Opening date of the call** | **Closing date of the call** | **in EUR** | **number** | **in EUR** | **number** | **in EUR** |
| 5 | 1 | 5.6.2008 | 30.9.2015 | Continuous | 6.1. | 29 094 381 | 48 | 47 516 125 | 48 | 43 997 267 |
|  |  |  |  |  |  | 534 954 |  | 873 571 |  | 808 879 |
|  |  |  |  | Call total | | 29 629 335 | 48 | 48 389 696 | 48 | 44 806 146 |
| 16 | 7 | 22.5.2009 | 31.12.2015 | Continuous | 5.2. | 230 086 261 | 1 476 | 256 177 611 | 1 421 | 225 299 588 |
| 22 | 4 | 11.11.2009 | 31.5.2014 | Continuous | 3.3. | 46 177 308 | 20 | 71 788 645 | 17 | 52 496 575 |
| 37 | 10 | 27.9.2010 | 30.9.2015 | Continuous | 6.2. | 11 458 354 | 51 | 6 007 793 | 49 | 4 749 387 |
|  |  |  |  |  |  | 210 683 |  | 110 451 |  | 87 316 |
|  |  |  |  | Call total | | 11 669 037 | 71 | 6 118 244 | 49 | 4 836 702 |
| 44 | 12 | 7.9.2011 | 31.12.2015 | Continuous | 4.1. | 55 598 605 | 30 | 74 823 249 | 13 | 49 081 228 |
|  |  |  |  |  |  | 4 172 213 | 30 | 9 581 879 | 13 | 3 774 788 |
|  |  |  |  | Call total | | 59 770 818 | 60 | 84 405 127 | 26 | 51 495 568 |
| 66 | 21 | 10.12.2013 | 25.4.2014 | Time-limited | 3.4. | 19 180 979 | 15 | 22 063 208 | 15 | 22 085 295 |
| 70 | 17 | 16.4.2014 | 6.6.2014 | Time-limited | 1.1a | 23 602 033 | 40 | 82 256 638 | 1 | 1 161 085 |
|  |  |  |  |  | 1.1b |  | 0 | 6 327 434 | 0 | 89 314 |
|  |  |  |  | Call total | | 23 602 033 | 40 | 88 584 072 | 1 | 1 250 399 |
| 72 | 24 | 25.4.2014 | 30.6.2014 | Continuous | 5.1 | 22 549 020 | 19 | 63 348 388 | 1 | 1 131 398 |
| 69 | 22 | 14.2.2014 | 30.6.2014 | Time-limited | 2.1. | 9 116 435 | 215 | 29 823 668 | 102 | 14 976 291 |
| 71 | 23 | 28.2.2014 | 30.5.2014 | Time-limited | 3.4 | 24 432 046 | 13 | 36308111,5 | 0 | 0 |
| 74 | 26 | 30.6.2014 | 29.8.2014 | Time-limited | 3.4. | 39 397 240 | 1 | 38 911 002 | 1 | 38 911 002 |
| 73 | 25 | 24.6.2014 | 1.10.2014 | Continuous | 4.1. | 5 057 579 | 17 | 14 576 927 |  |  |
|  |  |  |  |  |  | 389 045 | 17 | 1 058 033 |  |  |
|  |  |  |  | Call total | | 5 446 623 | 34 | 15 634 961 | 36 | 51 495 568 |
| 75 | 27 | 5.9.2014 | 27.2.2015 | Time-limited | 3.4. | 11 692 084 |  |  |  |  |
| CONV total | | | | | | 426 763 231 | 1 886 | 597 996 339 | 1 666 | 451 596 633 |
| RCE total | | | | | | 5 306 894 | 47 | 11 623 935 | 13 | 4 670 982 |
| **IOP total** | | | | | | **432 070 125** | **1 933** | **609 620 273** | **1 679** | **456 267 615** |

*Source: IS Monit7+ as of 3 Oct 2014;*

*CZK/EUR exchange rate: 27.54; Source of funding – public funds total*

### 

### 2.3.3 Changes in the important IOP documents and amendments thereto

**Update of the IOP OM and IB OM, MA OM**

On 16 Apr 2014, the IOP Managing Authority issued the revision 1.4 of the Operational Manual of IOP MA, reflecting the change in financing procedure after the termination of contract with the authorised bank, and the switch to payments through the CNB.

**Methodological Guidelines and Binding Opinions of IOP MA**

*Methodological Guideline No 48* Update of checklists for public procurement control

The Methodological Guideline was issued so as to reduce the administrative burden during public procurement controls. The National Coordination Authority (NCA) compared the updated version of checklists for public procurement control under IOP with the standardised checklists of the European Commission (Annex C.5-21 to the IOP Operational Manual). The IOP checklists were amended to fully meet the minimum requirements of the European Commission as to their content, are attached to this Methodological Guideline, and replaced the Annex C.5-16 to the IOP Operational Manual.

*Methodological Guideline No 49* Update of chapter B of the IOP OM – a switch to financing through the CNB

The Methodological Guideline modifies the financing procedures after the termination of contract concluded between the Ministry of Finance of the CR and the authorised UniCredit Bank Czech Republic, a.s., which used to ensure payments of support to beneficiaries. As of 1 January 2014, all the payments are executed through the Czech National Bank.

*Methodological Guideline No 50* Update of the Monthly report on IB activities

The MG updates the structure of the monthly report on activities of individual Intermediate Bodies under IOP

*Methodological Guideline No 51*  Update of chapter B.3.4 Certifcation

The MA has responded to the issuance of update of the Methodology of certification of expenditure for the programming period 2007-2013 with effect from 1 April 2014.

*The comment procedure on the Methodological Guideline No 52 is still under way, the MG is expected to be issued by the end of October 2014.*

*Methodological Guideline No 53* Update of Annex C.5-11

The Methodological Guideline adds the procedure for entering the controls of tenders and public procurement procedures in IS Monit7+ into Annex C. 5-11 Procedure for entering the controls in IS Monit7+.

*Methodological Guideline No 54* Update of IOP OM in response to new rules of state aid provision under de minimis aid scheme.

The Methodological Guideline reflects changes in state aid rules pursuant to the new Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid. This regulation has replaced the existing Commission Regulation No 1998/2006 of 15 December 2006 which expired on 31 December 2013.

*Methodological Guideline No 55*  Update of chapter A.3.7 Human resources management in IOP OM

The IOP OM Chapter A.3.7 Human resources management has been redrafted to comply with the Methodological Guideline on human resources development in the programming period 2014 - 2020 and in the programming period 2007 - 2013 (hereinafter referred to as the MG on HRD), approved through Resolution of the Government of the CR No 444 of 16 June 2014.

## 2.4 Main Problems Encountered in Programme Implementation and Measures Taken to Overcome Them

### 2.4.1 Addressing the IOP error rate in the Annual Control Report 2013

The AA auditors identified individual errors in the Annual Control Report for 2013, representing 2.46 % of the total audited expenditure, and based on this figure the extrapolated error rate was quantified.

In the period from 7 to 11 April 2014, the European Commission (DG REGIO) staff conducted the audit mission No 2013/CZ/REGIO/C4/1332/1, focused on verifying the activities of the Audit Authority of the MoF CR (hereinafter referred to as the “AA“). The audit was performed on a sample of 12 projects audited by the AA within the audit of operations in 2013. On 11 August 2014, the IOP MA received a draft report from audit mission in the Czech language and within a month, in cooperation with beneficiaries and MoI CR Intermediate Body, elaborated the objections to the EC auditors' findings. Should the EC auditors close their mission by increasing the amount of ineligible expenditure in individual projects, it can have an impact also on the total error rate of IOP. One of the measures resulting from this audit mission is also the conduct of an IT audit in 2015. The EC audit was not completed as of 30 Sep 2014.

### 2.4.2 Horizontal audit in health sector

The horizontal audit in health sector was commenced by the AA at MRD as a (extraordinary) system audit No AO/2014/SM/05 "Audit in health sector" on 27 June 2014. Its aim was to verify the drawdown of financial resources from EU Funds on medical equipment and technology under the selected operational programmes in 2007 – 2013 period, to verify the aspects of eligibility of operations and public procurement procedures. The horizontal audit is composed of several partial audits – a system audit of Intervention area 3.2 under IOP, an audit of a sample of 20 projects (16 beneficiaries) from Intervention area 3.2 of IOP, and an audit of a sample of 15 projects from other OPs (MIT MA, MoEYS, ROP), with all the beneficiaries being from health sector.

The IOP MA and MoH IB have begun cooperation with the AA with respect to providing and supplementing the audited documents. On 23 July 2014, the IOP MA and IOP IBs held an information meeting for all the audited entities under IA 3.2 of IOP. In the period from 26 to 29 August 2014, the AA conducted a local enquiry at the IOP MA, the enquiry held on 27 August was attended by the MoH IB representatives.

### 2.4.3 Sleeping and risky projects of IOP

The IOP has been ranked among risky operational programmes, falling under the crisis management of the National Coordination Authority, apart from other things also due to long-standing problems faced in the implementation of some projects. The IOP Managing Authority in cooperation with the Intermediate Bodies has ever since July 2012 started to perform supervision and management of sleeping projects (the dates of implementation are at the edge of feasibility), high-risk projects (difficult communication with the beneficiary, serious shortcomings in observing the deadlines), and to hold discussions with problem beneficiaries on crisis timetables of implementation. The evaluation of projects that face difficulties is a component part of the action plan for improving the system of management and control of the Structural Funds in the Czech Republic.

Long-lasting challenges in the delivery of projects are faced mainly by beneficiaries from among the government agencies (hereinafter referred to as the “GA”). Based on experience gained while working with risky projects, the IOP MA in August 2014 introduced reinforced supervision also of high-risk and risky projects with the allocation of funds lower than CZK 35 million. This is why the number and also the volume of sleeping and high-risk projects increased as against the previous monitored quarters.

In August 2014, the IOP MA and IBs in line with their powers started to implement sixty individual measures that shall help minimise the losses.

1. **Summary of sleeping and risky projects by aid beneficiary**

| **beneficiary** | **sleeping** | | **high-risk** | | **risky** | | **total** | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **number** | **volume** | **number** | **volume** | **number** | **volume** | **number** | **volume in CZK** |
| MoI | 3 | 1 428 550 000 | 2 | 302 101 932 | 0 | 0 | 5 | 1 730 651 932 |
| MoLSA | 0 | 0 | 1 | 176 235 103 | 0 | 0 | 1 | 176 235 103 |
| MoJ | 0 | 0 | 0 | 0 | 1 | 0\* | 1 | 0 |
| MoH | 0 | 0 | 0 | 0 | 3 | 54 081 385 | 3 | 54 081 385 |
| MoC | 1 | 231 651 099 | 2 | 23 823 514 | 0 | 0 | 3 | 255 474 613 |
| MoA | 1 | 299 491 700 | 0 | 0 | 0 | 0 | 1 | 299 491 700 |
| General  Directorate of Customs | 0 | 0 | 1 | 138 249 102 | 0 | 0 | 1 | 138 249 102 |
| Healthcare  facilities | 9 | 163 760 174 | 0 | 0 | 9 | 318 134 860 | 18 | 481 895 034 |
| FRS | 13 | 464 238 844 | 0 | 0 | 0 | 0 | 13 | 464 238 844 |
| Regions,  municipalities | 1 | 331 366 786 | 4 | 72 141 306 | 5 | 217 417 560 | 10 | 620 925 652 |
| Other | 1 | 248 519 354 | 3 | 35 328 948 | 1 | 12 572 820 | 5 | 296 421 122 |
| **Total** | **29** | **3 167 577 957** | **13** | **747 879 905** | **19** | **602 206 625** | **61** | **4 517 664 487** |

*Source: Managing Authority of the Integrated Operational Programme, 30 Sep 2014*

*\** *The project "Creating the Portal of justice” in connection with the project “Public Administration Portal and agenda portals" has not issued decisions, budget requests by 19.2 mil. CZK is not taken into summary.*

Government agencies and their semi-budgetary organisations implement seventeen projects identified as sleeping, six high-risk projects and one risky project. These projects threatened the absorption of IOP funds already in 2013, but primarily pose a risk to absorption in 2014 and 2015.

The most challenging are currently the sleeping projects under the responsibility of the Ministry   
of Interior CR and the Fire Rescue Service (FRS), linked to the general contractor of The Czech Post's registered branch ICT services (see point 2.4.5 of this Report). The FRS projects were classified as sleeping projects due to their close link to the project called National Information System of the Integrated Rescue System of the Ministry of Interior ( the so called operations centres), whose implementation has been critically delayed. If this project fails to be completed, the attainment of other projects' aims is at risk and in the extreme cases also the eligibility of expenditure of the whole project.

### 2.4.4 Risk of non-fulfilment of n+2 rule in 2014

In 2014, in order to fulfil the n+2 rule, expenditure in the amount of approximately EUR 251 million shall be certified. The absorption forecast made by the IOP MA in August 2014 anticipates the certification of expenditure in the volume of EUR 187.35 million. The forecast reflects the experience with fulfilling the plans in the past years. Thus, in 2014 there is a risk of a loss of allocation in the amount of EUR 72.5 million.

Until mid-2014, the IOP MA applied similar measures to minimise the loss of allocation as in 2013, such as:

* Consultations on the applications for payment and monitoring reports prior to their submission to Intermediate Bodies,
* Cutting short the stages so that at least some of the expenditure can be checked, reimbursed and certified,
* Effective control of tenders, applications for payment and notifications of a change (modification) in order to eliminate delays in administration of applications for payment,
* Monthly meetings with representatives of financial sections of Intermediate Bodies so as to identify the causes of delays in administration and to propose solutions.

In July 2014, the IOP MA in cooperation with IOP IBs compiled a set of sixty horizontal measures and additional nineteen specific measures for individual intervention areas with the view to maximise absorption. They will be accomplished before the end of 2014. The IOP MA continuously monitors the accomplishment of these measures by the set deadlines. All measures with the deadline of 30 Sep 2014 have been put in place.

1. Overview of the number of measures by IOP implementation body

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Responsibility** | **IOP MA** | **MoI IB** | **MoH IB** | **MoLSA IB** | **CRD** | **ALL IOP IBs** | **Shared responsibility of IOP MA and IOP IBs** | **Total** |
| **Total number of measures** | **20** | **11** | **12** | **13** | **4** | **4** | **15** | **79** |
| **Of which accomplished before**  **30 Sep 2014** | 14 | 5 | 6 | 11 | 2 | 3 | 8 | 49 |
| **To be accomplished before the end of 2014** | 6 | 6 | 6 | 2 | 2 | 1 | 7 | 30 |

Source: *Managing Authority of the Integrated Operational Programme*

The IOP MA intensively collaborates and communicates primarily with the Intermediate Bodies and beneficiaries, or arranges for the use of the NCA project for sleeping projects and projects with high error rate in applications for payment. Major stress is put on ensuring administrative capacities of IOP MA and IOP IBs in the second half of 2014.

The IOP IBs concentrate primarily on increasing the efficiency of performance of delegated activities, communication with beneficiaries and other bodies (Audit Authority, OPC). Specific measures zoom in on particular problems faced in individual intervention areas.

Since the beginning of 2014, the IOP MA has been analysing the options and measures aimed to fully absorb the programme allocation, taking into account the available allocation, the amount of potential savings in projects, the imminent loss of allocation in 2014, and the potential use of flexibility between priority axes that can be applied at programme closure. Based on these factors, it determines the rate of overcommitment of the programme. In line with conclusions of the full absorption strategy and   
as a follow-up to decisions of individual Intermediate Bodies concerning the overcommitment, the MA publishes additional calls and, where additional funds are released, increases the allocation to the already ongoing calls. For more information see Chapter 2.9 Foreseen Timetable of the Announcement of Calls.

### 2.4.5 Česká pošta (Czech Post)

The Czech Post's registered branch ICT services (ČP OZ ICT) as a contractor is involved in the implementation of two projects in Intervention area 1.1 totalling roughly CZK 1 billion, and   
in fourteen projects in Intervention area 3.4 amounting to CZK 1 billion, to which other projects   
in Intervention area 3.4 amounting to CZK 1 billion are linked. These are projects of the Ministry   
of Interior, the General Directorate of the Fire Rescue Service and regional directorates of the Fire Rescue Service.

ČP OZ ICT has been selected by the Government as the general (the so called in-house) contractor pursuant to Section 18 of Public Procurement Act. The cardinal issue is the selection of sub-contractors for the supply of HW and SW. The ČP OZ ICT fails to properly perform its role of   
a contracting authority and excessively protracts the conduct of public contracts. The delays in timetable will cause a loss of allocation in 2014 in the amount of CZK 500 million. These resources will be covered by budgetary chapters of beneficiaries or there will be a risk of withdrawal of projects from implementation.

The IOP MA, MoI IB and CRD hold intensive talks with beneficiaries, consult the prepared public contracts and postpone the deadlines for submission of applications for payment until the furthest dates. Despite all the efforts, the GD FRS was forced to seek an alternative solution to the implementation of NIS IRS project, the general contractor of which is ČP OZ ICT. Details of the solution will be released in the upcoming months of 2014. A delay or a failure to complete the implementation of this project can influence the implementation of all the projects of the 11th call under Intervention area 3.4 with CZK 2 billion of total eligible expenditure.

### 2.4.6 Administrative capacity for programme closure

As of 30 Nov 2015 the implementation of IOP TA projects will be completed and the IOP MA suggested to the MoLSA, MoI CR and MoH Intermediate Bodies to continue to implement the programme with no eligibility for financing from IROP TA. The MoLSA, MoI CR and MoH will not be the Intermediate Bodies under IROP, thus not even the beneficiaries under the IROP TA. The expenditure would be covered by the IBs from their budgetary chapters.

The IOP MA anticipates that in the first quarter of 2016 the IOP IBs shall finalise the documentation of projects and intervention areas, settle the so far unresolved irregularities and until mid-2016 hand over the documentation to IOP MA and CRD CR in order to ensure monitoring and controls during project sustainability period. The IOP MA and CRD CR will finalise the implementation and closure of the programme. Due to the complexity of programme closure, it shall be ensured that in this period the IOP IB staff (at MoH, MoLSA, MoI) is financed from the respective budgetary chapters of the state budget and can complete the performance of delegated activities. This proposal will be submitted by the IOP MA to the NCA and to the Government for approval.

In drafting the proposal for providing the administrative capacity for programme closure, the IOP MA built on the anticipated number of staff necessary to ensure the performance of following activities: controls of last applications for payment, monitoring and controls of projects during the sustainability period, compilation of source documents for the final report, investigation of irregularities, archiving.

Excluded from the calculations were project managers, communication officers, methodologists and analysts. The proposal, stating the need of 32 system posts to ensure all the activities related to programme closure, was forwarded by the IOP MA to IBs for comments.

In case the ministries withdraw from cooperation in IOP closure, they shall hand over all the documentation to the IOP MA as at 30 Nov 2015. The IOP MA and CRD CR capacities will be financed from IROP Technical assistance since IROP is a successor programme to IOP, and it is reflected in the analysis of administrative capacities for the ensurance of IOP closure. Upon the completion of implementation of IOP TA projects, which is set at 30 Nov 2015, the IROP TA will cover all the necessary expenditure incurred in relation to programme closure.

### 2.4.7 Crisis management and implementation of Government Resolution No 144

In response to Resolution of the CR Government No 94 of 10 February 2014, the IOP MA has analysed the risks of IOP implementation with respect to the ending programming period and has drawn up a crisis action plan of IOP, with a description of risks and measures. This crisis plan was approved by the Government through Resolution No 144/2014.

The weakness of the programme has for a long time ben the non-fulfilment of absorption forecasts, caused first and foremost by delays in project implementation. Due to the upcoming end of the programming period, a risk arises regarding the proper setting of commitments of projects in individual intervention areas so that the maximum amount of programme allocation is absorbed as at the end of 2015. The IOP MA has prepared an analysis of full absorption of IOP, in which account was taken of the referred to factors, available allocation, absorption capacity of individual intervention areas and potential use of flexibility in priority axis, and has made recommendations for individual intervention areas. The Managing Authority identifies the risks and takes measures to optimise the result.

The following risks, identified in the action plan, have been continuously addressed:

* Failure to absorb the funds available and released during project implementation;
* Failure to achieve the n+2 target before the date of regular certification of expenditure, and a loss of allocation;
* Suspension of payment of funds from the EC as a result of audit and control findings, imposition of sanctions and penalties;
* Insufficient administrative capacity of Intermediate Bodies to complete the programme implementation.

List of measures, identified by the Government Resolution No 144/2014, is given in Annex No 2.

In July 2014, the IOP MA developed the Strategy of Full Absorption of IOP, adopted by the Government of the Czech Republic at its meeting on 6 August 2014 through Resolution No 646/2014. The IOP Managing Authority, based on information provided by the Intermediate Bodies, updated the Strategy of Full Absorption of IOP in 2014 with the outlook until the end of 2015. The update as of the beginning of October was necessary in view of the development of project implementation and evaluation of calls in August and September 2014. Concentrated and responsible work of all the implementation structure and accomplishment of absorption forecasts and project implementation especially in 2014 are a prerequisite for the maximum drawdown of allocation in 2015.

### 2.4.8 Methodology of financial flows in relation to the AA audit performance

The IOP MA and IOP IBs have for a long time pointed at some inappropriately set provisions of the Methodology of financial flows and controls of programmes co-financed from the Structural Funds, the Cohesion Fund and the European Fisheries Fund for the programming period 2007 - 2013 (hereinafter referred to as the “Methodology“). They concern especially the irregularities identified in the final audit report of the AA (EC, ECA, PCA controls) and always mean a confirmed irregularity, also in case that other competent bodies (e.g. IBs, MA, Financial Administration Bodies, OPC) disagree with the findings and have their own opinion supported by expert arguments.

Where the FAB fails to detect any breach of budgetary discipline and does not determine any levy or detects a breach of budgetary discipline and determines a lower levy than stipulated by the audit/control report, the MA/IB should recover the funds covered by the irregularity concerned from the beneficiary. Nonetheless, the recovery of funds by the MA/IB is not embedded in Act No 218/2000 Coll., on Budgetary Rules, or in any other law. In case the Tax Offices do not confirm the findings from audit/control report or confirm it in a lower amount (than the value of confirmed irregularity), the funds covered by the irregularity are not recoverable from aid beneficiaries and the PCA corrections are debited to the state budget which means a pointless burden of public finance.

Addressing of such situations affects the programme implementation, burdens the beneficiaries and administrative capacities, and results in lower absorption capacity.

## 2.5 Major Projects of IOP

On 31 Oct and 1 Nov 2013, the IOP MA forwarded the applications for approval of projects called “Preparedness of the Fire Rescue Service of the Czech Republic for floods” CCI 2013CZ161PR007 and ”Increasing flood preparedness of the Police of the CR to save lives and property“ CCI 2013CZ161PR006 to the EC.

The project called “Increasing flood preparedness of the Police of the CR to save lives and property“ - CCI 2013CZ161PR006 has the total eligible expenditure of CZK 1.35 billion, the purpose of the project is to increase the efficiency of interventions of the Police of the CR during natural disasters, extensive floods in particular.

The project called “Preparedness of the Fire Rescue Service of the Czech Republic for floods“ - CCI 2013CZ161PR007 has the total eligible expenditure   
of CZK 1.45 billion, the purpose of the project is to increase the efficiency of interventions of the Fire Rescue Service of the CR during natural disasters, extensive floods in particular.

Based on the EC requirements, the IOP MA on 30 May 2014 submitted the modified application specifying the purpose of technology and equipment to be purchased and containing a deeper analysis of the needs of the GD FRS project “Preparedness of the Fire Rescue Service of the Czech Republic for floods“. On 14 August 2014, the project was approved by the European Commission. The project is now under implementation and public contracts are under way in line with the approved timetable.

As concerns the project of the Police Presidium of the CR, the required information is supplemented and the project has not been approved as yet.

1. Progress achieved in the implementation of major projects



*Source: MSC2007 as of 3 Oct 2014*

## Measures Adopted in Response to Conclusions of the Previous Monitoring Committee Meeting

The previous 13th meeting of the IOP Monitoring Committee was held on 3 June 2014. The meeting arrived at a number of conclusions and assigned multiple tasks to the MA and individual IBs, which are attached to this Report as Annex No 3.

## 2.7 Analysis of Risks in relation to the Fulfilment of n+2 Rule

On 29 Sep 2014, the IOP MA received a letter from the EC quantifying the loss of allocation   
on account of the failure to achieve the target in line with the n+2 rule for 2013. In response to this letter, the IOP MA in October 2014 will prepare a revision of the IOP Programming Document which will apart from other things focus on the modification of financial tables. The change of financial tables consists in reducing the allocation for 2011 to Intervention area 4.1 National support of tourism by the amount of the lost allocation.

**Fulfilment of n+3/n+2 rule**

In 2014, it is necessary to certify expenditure in the volume of about EUR 251 million. According to the absorption forecasts of August 2014, the IOP MA anticipates that expenditure in the volume   
of EUR 187.35 million will be certified. The forecasts are in accord with experience gained in the previous years with the fulfilment of absorption forecasts and the timetable of project implementation. Thus, in 2014 there is a risk of a loss of allocation in the amount of EUR 72.5 million.

The IOP MA assumes that with respect to the volume of applications for payment submitted   
as at 3 Oct 2014, the anticipated loss as at the end of 2014 shall not exceed EUR 72.5 million.

1. Fulfilment of n+3/n+2 rule (EU share in EUR)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Financing plan – year** | **Total EU allocation for 2007-2013 – annual** | **N+3/N+2 targets – aggregate** | **EC advance payments – annual** | **Interim / final applications for payment submitted to the EC – annual** | **Advance payments from EC + payment claims from the CR – annual** | **Advance payments from EC + payment claims - aggregate** | **Allocation to major projects** | **Difference between the payments and the targets – aggregate** |
| **a** | **b** | **C** | **d=b+c** | **e** | **F** | **g=e+f-a** |
| **2007** | 196 638 833 |  |  |  |  |  |  |  |
| **2008** | 206 195 877 |  | 79 119 508 |  | 79 119 508 | 79 119 508 |  |  |
| **2009** | 215 795 940 |  | 63 295 607 | 5 012 240 | 68 307 847 | 147 427 355 |  |  |
| **2010** | 225 842 751 |  |  | 81 476 334 | 81 476 334 | 228 903 689 |  |  |
| **2011** | 241 742 882 | 238 969 016 |  | 164 888 266 | 164 888 266 | 393 791 955 |  | 154 822 939 |
| **2012** | 251 761 329 | 487 538 095 |  | 162 164 015 | 162 164 015 | 555 955 970 |  | 68 417 875 |
| **2013** | 281 044 696 | 1 020 670 005 |  | 400 320 077 | 400 320 077 | 956 276 047 | 97 501 024 | 33 107 066 |
| **2014** | 0 | 1 305 204 473 |  | 43 103 648 | 43 103 648 | 999 379 695 |  | -305 824 778 |
| **2015** | 0 | 1 619 022 308 |  |  |  | 999 379 695 |  | -619 642 613 |
| **Total** | **1 619 022 308** | **1 619 022 308** | **142 415 115** | **856 964 580** | **999 379 695** | **999 379 695** |  | **-619 642 613** |

*Source: IS MSC2007 as of 3 Oct 2014*

The n+3 rule, or the n+3/n+2 rule under the Convergence objective in 2011, 2012 and 2013 was fulfilled. The target for the fulfilment of n+2 rule in 2014 under the Convergence objective equals EUR 1 280.94 million. The IOP MA envisages that the target will not be achieved and there will be   
a loss of allocation under the Convergence objective in the amount of EUR 69.16 million.

1. Fulfilment of n+3/n+2 rule (in EUR) under Convergence objective

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Financing plan – year** | **Total EU allocation for 2007-2013 – annual** | **N+3/N+2 targets – aggregate** | **EC advance payments – annual** | **Interim / final applications for payment submitted to the EC – annual** | **Advance payments from EC + payment claims from the CR – annual** | **Advance payments from EC + payment claims - aggregate** | **Difference between the payments and the targets – aggregate** | **Alloca-tion to major projects** | **Difference between the payments, with the inclusion of major projects, and the targets** |
| **A** | **B** | **c** | **d=b+c** | **e** | **f=e-a** | **G** | **h=f+g** |
| **2007** | 192 686 939 |  |  |  |  |  |  |  |  |
| **2008** | 202 164 946 |  | 77 650 533 |  | 77 650 533 | 77 650 533 |  |  |  |
| **2009** | 211 684 389 |  | 62 120 427 | 5 008 671 | 67 129 098 | 144 779 631 |  |  |  |
| **2010** | 221 648 970 |  |  | 80 625 348 | 80 625 348 | 225 404 979 |  |  |  |
| **2011** | 237 465 225 | 234 279 436 |  | 161 307 463 | 161 307 463 | 386 712 442 | 152 433 006 |  | 152 433 006 |
| **2012** | 247 398 119 | 478 078 315 |  | 159 216 619 | 159 216 619 | 545 929 061 | 67 850 746 |  | 67 850 746 |
| **2013** | 278 308 099 | 1 001 421 489 |  | 393 274 551 | 393 274 551 | 939 203 612 | -62 617 877 | 97 501 024 | 35 283 147 |
| **2014** | 0 | 1 280 934 098 |  | 42 823 101 | 42 823 101 | 982 026 713 | -298 907 379 |  | -298 907 379 |
| **2015** | 0 | 1 591 356 687 |  |  |  | 982 026 713 | -609 329 974 |  | -609 329 974 |
| **Total** | 1 591 356 687 | 1 591 356 687 | 139 770 960 | 870 376 517 | 982 026 713 | 982 026 713 | -609 329 974 |  |  |

*Source: MSC as of 3 Oct 2014*

The n+3 rule under the Regional competitiveness and employment objective in 2011 and 2012 was fulfilled, in 2013 the amount of EUR 2.18 million was missing in order for the n+3/n+2 rule to be fulfilled in 2013. Following the application of Article 95 in the amount of EUR 617.82 thousand, the loss of allocation in 2013 was reduced to EUR 1.56 million.

The target for the fulfilment of n+2 rule in 2014 for the Regional competitiveness and employment objective is EUR 24.27 million and the IOP MA anticipates a loss of allocation under this objective in the amount of EUR 3.25 million.

1. Fulfilment of n+3/n+2 rule (in EUR) under RCE

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Financing plan – year** | **Total EU allocation for 2007-2013 – annual** | **N+3/N+2 targets – aggregate** | **EC advance payments – annual** | **Interim /final applications for payment submitted to the EC – annual** | **Advance payments from EC + payment claims from the CR – annual** | **Advance payments from EC + payment claims - aggregate** | **Difference between the payments and the targets – aggregate** |
| **a** | **b** | **C** | **d=b+c** | **e** | **f=e-a** |
| 2007 | 3 951 894 |  |  |  |  |  |  |
| 2008 | 4 030 931 |  | 1 468 975 |  | 1 468 975 | 1 468 975 |  |
| 2009 | 4 111 551 |  | 1 175 180 | 3 569 | 1 178 749 | 2 647 724 |  |
| 2010 | 4 193 781 |  |  | 850 986 | 850 986 | 3 498 710 |  |
| 2011 | 4 277 657 | 4 689 580 |  | 3 580 803 | 3 580 803 | 7 079 513 | 2 389 933 |
| 2012 | 4 363 210 | 9 459 780 |  | 2 947 396 | 2 947 369 | 10 026 909 | 567 129 |
| 2013 | 2 736 597 | 19 248 516 |  | 7 045 526 | 7 045 526 | 17 072 436 | -2 176 080 |
| 2014 | 0 | 24 270 375 |  | 280 547 | 280 547 | 17 352 983 | -6 917 392 |
| 2015 | 0 | 27 665 621 |  |  |  | 17 352 983 | -10 312 637 |
| Total | 27 665 621 | 27 665 621 | 2 644 155 | 14 708 828 | 17 352 983 | 17 352 983 |  |

*Source: MSC as of 3 Oct 2014*

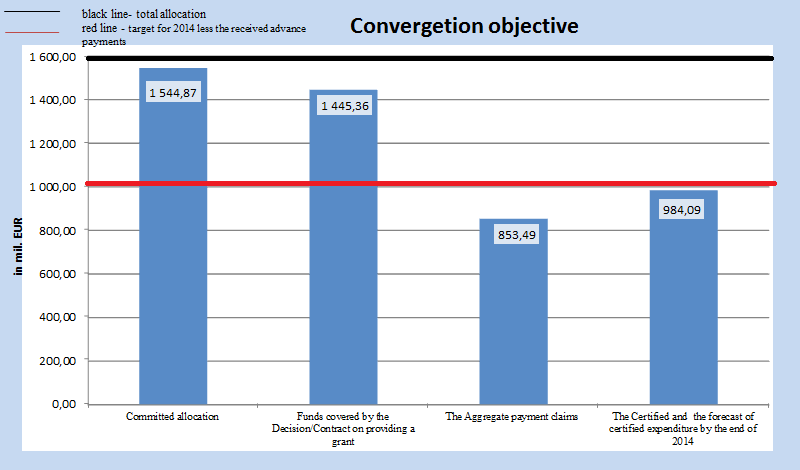
The Managing Authority on a monthly basis monitors the fulfilment of n+2 rule by objective, grant provider and intervention area. The progress and the volume of absorbed funds in the monitored stages of administration are compared against the targets for 2014 and 2015, against the targets less the advance payments from the EC.

In the following charts the given volumes of funds are broken by the stage of project administration:

* **Committed allocation** is the allocation for the ongoing calls and financial requirements of projects submitted in the already closed calls,
* **Funds covered by the Decision/Contract on providing a grant** represent the financial resources of approved projects,
* The **Aggregate payment claims** bar covers the applications for payment included in the aggregate payment claim,
* The **Certified** bargives the current volume of certified expenditure,
* The last three bars represent the **forecast of certified expenditure by the end of 2014,** the forecasts are based on the planned timetables of projects modified in cooperation with the IBs,
* The red line represents the **target for 2014** less the received advance payments.

Chart No 2 illustrates the fulfilment of n+2 rule under the Convergence objective. The volume of funds in individual stages of project administration and particularly the forecast of certified expenditure in individual years are compared against the target for 2014.

1. Fulfilment of n+2 rule under Convergence objective (in mil. EUR)

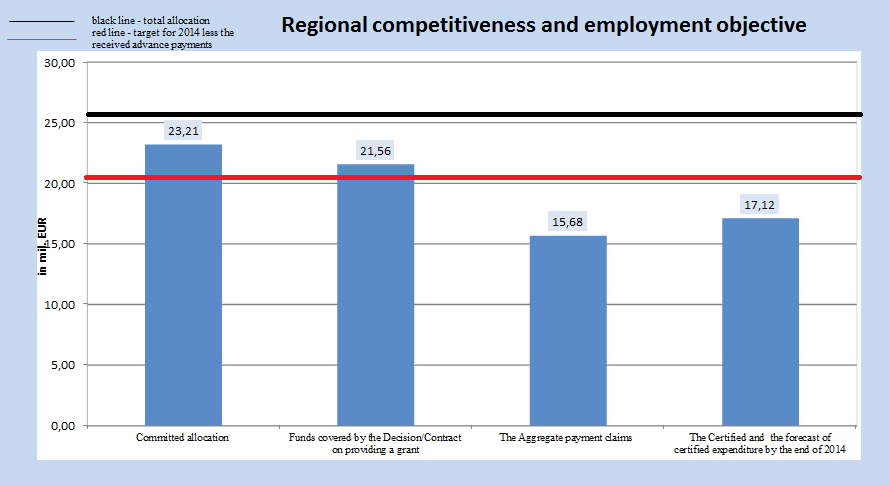


*Source: MSC2007 as of 3 Oct 2014;*

*Source of funding – EU share*

Chart No 3 illustrates the fulfilment of n+2 rule under the Regional competitiveness and employment objective. The amounts of funds at individual stages of project administration and particularly the forecast of certified expenditure in individual years are compared against the target for 2014.

1. Fulfilment of n+2 rule under Regional competitiveness and employment objective (in mil. EUR)



*Source: MSC2007 as of 3 Oct 2014;*

*Source of funding – EU share*

### 2.7.1 Analysis of risks in relation to the fulfilment of n+2 rule

The n+2 rule shall be fulfilled at the level of objectives. For the purpose of monitoring of the absorption of funds and programme management, the MA monitors the fulfilment of n+2 rule also by intervention area.

1. Fulfilment of n+2 rule (in EUR) by intervention area



*Source of data: MSC as of 3 Oct 2014*

*Source of funding: EU share, in the “Certified” and “Planned certification” columns - EU share + relevant share of private expenditure*

**In Intervention area 1.1,** the main factors contributing to the non-fulfilment of n+2 rule for 2014 are the non-compliance with project timetable, difficulties in public procurement procedures in projects and problems with contractors, as well as frequent changes in staffing of projects. This results in postponing the absorption, or withdrawing the projects, and a failure to achieve the absorb funds for the respective year. The IB continues in intensive monitoring and close cooperation with beneficiaries at the monthly meeting of working teams. Other measures include the acceleration of administration of applications for payment, preliminary check of all the documents submitted by the beneficiary to the IB, and tripartite meetings attended by the IOP MA representative in case of serious non-adherence to crisis timetables of projects.

**In Intervention area 2.1,** the main reason behind the non-fulfilment of n+2 rule are delays in the conduct of public contracts due to which the absorption of funds is postponed to next periods and the amounts included in the submitted applications for payment are lower than the forecast. The CRD IB consults all the tenders in projects and offers assistance in preparing the application for payment prior to its submission.

**In Intervention area 3.1,** the MoLSA anticipates that the n+2 rule will be fulfilled, in spite of the loss amounting to EUR 1 118 237, stated in the table above. The MoLSA IB has adopted measures in order to maximize the absorption in 2014 and 2015 and also to avoid making commitments that would have to be covered from the ministry budget (or the CR budget). Specific measures comprise also the acceleration of the approval of applications for payment, mainly in October and November 2014.

**In Intervention area 3.2,** a failure to achieve the n+2 target in 2014 is foreseen, namely by the amount of EUR 19.81 million. At the beginning of 2014, a risk of non-fulfilment of n+2 rule was identified in this intervention area. The MoH has adopted corrective measures whose timely implementation helped cut down the predicted loss. The corrective measures comprise the division of projects into stages, permitting the extension of the dates of completion of stages only until 30 Oct 2014, while not allowing for transfers of a substantial volume of funds after this date, and ensuring that the control of accounting documents is conducted prior before the end of the project stage. With respect to all the planned monitoring reports with applications for payment until 30 Oct 2014, the supporting documents are pre-checked by the MoH and consultations are held with beneficiaries prior to the stage completion. The MoH has sped up all the processes concerning the selection of a contractor (prompting the discussions of the committees, adoption of a decision on selecting the contractor, execution of the contract). The beneficiaries are obliged, in cooperation with the contractors, to perform the analysis of delivery dates in order to achieve as fast as possible delivery and invoicing and to ensure that all the documents related to the handed over devices, or training of the operating staff, are presented together with the delivery and are flawless. The MoH has also arranged for sufficient capacities for the busiest period (redistribution of human resources, restrictions placed on taking holidays and undergoing trainings) as well as expert evaluators, and for cutting short the time necessary for assessing the public procurement and tender documentation.

**In Intervention area 3.3,** judging from the to date development of absorption, problems with respect to the fulfilment of n+2 rule are anticipated and a failure to absorb the allocated funds in 2014 is foreseen. The target set for 2014, i.e. EUR 27.51 million, will not be achieved, the amount of certified expenditure by the end of 2014 is predicted to reach EUR 20.66 million. Among the factors contributing to the non-fulfilment of n+2 rule are especially the postponements in the implementation timetable of individual projects. Several measures have been adopted to improve the situation – regular division of projects into stages, consultations with beneficiaries during the elaboration of the application for payment and cutting short the time needed for the administration of applications for payment.

**In Intervention area 3.4,**  the n+2 rule will not be fulfilled mainly on account of challenging public contracts under NIS IRS project, with the contractor being ČP OZ ICT, that cause delays in its timetable and in the implementation of follow-up projects from the 11th call. Also the purchase of equipment under the 18th call was delayed due to the obstructive behaviour of rejected tenderers.

**In Intervention area 4.1,** the fulfilment of n+2 rule and lower absorption of funds than predicted   
in some projects continued to be a challenge in the monitored period. Specific measures adopted   
to eliminate this risk are stated in Chapter 3.4.4 Problems and measures taken.

**In Intervention area 5.1,** the n+2 rule will not be fulfilled. It is caused primarily by extension   
of project implementation and associated transfers of funds to new stages in 2015. In the monitored period, the CRD conducted monitoring visits of relevant projects in order to identify barriers to absorption.

**In Intervention area 5.2,** the n+2 rule will be fulfilled.

**In Intervention area 5.3,** the n+2 rule will be fulfilled.

**The aim of Priority axis 6** is not to fully absorb the allocation, but to achieve responsible and efficient programme management and monitoring of programme implementation, and to maximize the quality and effectiveness of implementation as well as to support the management activities in the framework of IOP, to enhance programme effectiveness and to make preparations for the next programming period.

**Fulfilment of n+2 rule by ministry**

For the purposes of monitoring of the absorption of funds and programme management, the MA monitors the fulfilment of n+2 rule also by ministry.

**The Ministry of Regional Development** is responsible for Intervention area 2.1, 3.4, 4.1, 5.1, 5.2, 5.3, 6.1 and 6.2. In intervention areas within the remit of MRD, a failure to achieve the target of absorption and a loss of allocation amounting to EUR 8.9 million are expected.

**The Ministry of Interior** is responsible for Intervention area 1.1. In this intervention area the fulfilment of the target is anticipated to be EUR 35.6 million short. Specific measures adopted in order to eliminate this risk are stated in Chapter 3.1.4 Problems and measures taken.

**The Ministry of Labour and Social Affairs** is responsible for Intervention areas 3.1 and 3.3. The certified expenditure equals EUR 33.43 million and expenditure amounting to EUR 7.43 million   
is anticipated to be certified by the end of 2014. The target for 2014 will not be achieved and there   
is a risk of a loss of allocation in the amount of EUR 7.96 million. Factors contributing to the non-fulfilment of n+2 rule at beneficiaries are stated in Chapter 3.3.4 Problems and measures taken.

The responsibility for Intervention area 3.2 is borne by **the Ministry of Health**. The certified expenditure totals EUR 184.2 million and by the end of 2014 expenditure amounting to EUR   
23.6 million is anticipated to be certified. In 2014, a loss of allocation in the amount of EUR

19.8 million is foreseen.

1. Fulfilment of n+2 rule (in EUR) by ministry

*Source of data: MSC as of 3 Oct 2014Source of funding: EU share, in the “Certified” and “Planned certification” columns - EU share + relevant share of private expenditure*

### 2.7.2 Forecast of the progress in IOP absorption (in EUR)

The table below illustrates the anticipated development in submission of applications for payment in the period from October 2014 to February 2015. The forecasts made based on the timetable of projects in IS Monit7+ are supplemented by the IOP MA and IB data obtained from beneficiaries that were not entered into the IS at the time of data generation.

1. **Forecast of submitted applications for payment**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Priority axis /** | **Submitted applications for payment - forecast (EUR)** | | | | |
| **Intervention area** | **October 2014** | **November 2014** | **December 2014** | **January 2015** | **February 2015** |
| 1a | 3 134 039 | 17 829 771 | 340 540 | 9 332 923 | 3 409 054 |
| 1b | 241 080 | 1 371 521 | 26 195 | 717 917 | 262 235 |
| **1** | **3 375 119** | **19 201 292** | **366 735** | **10 050 840** | **3 671 289** |
| 2.1 | 3 251 201 | 1 751 510 | 2 116 692 | 5 893 631 | 7 313 605 |
| **2** | **3 251 201** | **1 751 510** | **2 116 692** | **5 893 631** | **7 313 605** |
| 3.1 | 70 946 | 163 990 | 1 039 336 | 9 978 309 | 2 138 858 |
| 3.2 | 7 341 271 | 0 | 13 124 368 | 26 700 497 | 9 499 771 |
| 3.3 | 0 | 0 | 765 659 | 0 | 2 122 479 |
| 3.4 | 12 364 595 | 5 192 447 | 551 260 | 3 790 348 | 17 453 967 |
| **3** | **19 776 812** | **5 356 437** | **15 480 621** | **40 469 154** | **31 215 076** |
| 4.1a | 0 | 0 | 932 222 | 6 341 185 | 0 |
| **4a** | **0** | **0** | **932 222** | **6 341 185** | **0** |
| 4.1b | 0 | 0 | 71 709 | 487 757 | 0 |
| **4b** | **0** | **0** | **71 709** | **487 757** | **0** |
| 5.1 | 18 299 545 | 31 008 | 163 944 | 26 729 555 | 12 071 166 |
| 5.2 | 5 654 328 | 97 393 | 4 942 003 | 5 795 079 | 2 055 508 |
| 5.3 | 0 | 0 | 0 | 0 | 0 |
| **5** | **23 953 873** | **128 401** | **5 105 947** | **32 524 633** | **14 126 673** |
| 6.1a | 512 166 | 0 | 76 677 | 1 745 792 | 212 117 |
| 6.2a | 0 | 0 | 0 | 742 419 | 0 |
| **6a** | **512 166** | **0** | **76 677** | **2 488 210** | **212 117** |
| 6.1b | 9 417 | 0 | 1 410 | 32 100 | 3 900 |
| 6.2b | 0 | 0 | 0 | 13 651 | 0 |
| **6b** | **9 417** | **0** | **1 410** | **45 750** | **3 900** |
| **Convergence** | **50 628 091** | **25 066 120** | **24 052 700** | **97 049 737** | **56 276 526** |
| **RCE** | **250 497** | **1 371 521** | **99 315** | **1 251 425** | **266 135** |
| **IOP** | **50 878 588** | **26 437 641** | **24 152 014** | **98 301 162** | **56 542 661** |

*Source: Forecast for the NCA as of 2 Jul 2014*

*Source of funding: EU share*

The following table illustrates the forecasts of approved applications for payment. Included in the forecasts are also the IOP MA and IB data obtained from beneficiaries which were not entered into the IS at the time of data generation.

The largest volume of applications for payment is expected to be submitted in January 2015. According to the forecasts, the amount of EUR 108.78 million should be approved. The largest volumes of funds should be approved in Intervention areas 5.1 (EUR 26.66 million) and 3.2 (25.37 million).

1. **Forecast of approved applications for payment**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Priority axis /** | **Approved applications for payment - forecast (EUR)** | | | | |
| **Intervention area** | **October 2014** | **November 2014** | **December 2014** | **1Q 2015** | **2Q 2015** |
| 1a | 8 694 310 | 20 963 811 | 0 | 7 788 851 | 4 361 010 |
| 1b | 668 793 | 1 612 601 | 0 | 599 142 | 335 462 |
| **1** | **9 363 104** | **22 576 411** | **0** | **8 387 994** | **4 696 473** |
| 2.1 | 5 853 875 | 4 213 611 | 3 251 201 | 9 164 988 | 3 163 926 |
| **2** | **5 853 875** | **4 213 611** | **3 251 201** | **9 164 988** | **3 163 926** |
| 3.1 | 2 327 195 | 3 938 936 | 70 946 | 7 456 996 | 4 678 818 |
| 3.2 | 2 742 378 | 5 740 069 | 7 341 271 | 25 368 615 | 19 223 926 |
| 3.3 | 15 419 | 174 743 | 0 | 765 659 | 2 122 479 |
| 3.4 | 1 098 429 | 667 699 | 12 364 595 | 9 193 343 | 13 264 396 |
| **3** | **6 183 420** | **10 521 447** | **19 776 812** | **42 784 612** | **39 289 619** |
| 4.1a | 6 417 792 | 2 243 270 | 0 | 7 273 407 | 0 |
| **4a** | **6 417 792** | **2 243 270** | **0** | **7 273 407** | **0** |
| 4.1b | 493 676 | 172 559 | 0 | 559 467 | 0 |
| **4b** | **493 676** | **172 559** | **0** | **559 467** | **0** |
| 5.1 | 0 | 5 801 229 | 18 299 545 | 26 664 934 | 8 065 051 |
| 5.2 | 2 611 179 | 3 949 002 | 4 712 442 | 11 336 189 | 868 265 |
| 5.3 | 0 | 0 | 0 | 0 | 0 |
| **5** | **2 611 179** | **9 750 231** | **23 011 987** | **38 001 124** | **8 933 316** |
| 6.1a | 33 738 | 1 024 323 | 512 166 | 1 822 468 | 104 770 |
| 6.2a | 30 110 | 55 721 | 0 | 742 419 | 0 |
| **6a** | **63 848** | **1 080 045** | **512 166** | **2 564 887** | **104 770** |
| 6.1b | 620 | 18 834 | 9 417 | 33 509 | 1 926 |
| 6.2b | 554 | 1 025 | 0 | 13 651 | 0 |
| **6b** | **1 174** | **19 859** | **9 417** | **47 160** | **1 926** |
| **Convergence** | **29 824 424** | **48 772 415** | **46 552 166** | **107 577 869** | **55 852 642** |
| **RCE** | **1 163 644** | **1 805 019** | **9 417** | **1 205 769** | **337 389** |
| **IOP** | **30 988 067** | **50 577 434** | **46 561 583** | **108 783 639** | **56 190 031** |

*Source: Forecast for the NCA as of 2 Jul 2014*

*Source of funding: EU*

**2.7.2.1 Submitted applications for payment – forecast and comparison with the actual values**

In **Intervention area** **1.1,** the difference between the volume of actually submitted and approved applications for payment as against the anticipated volumes is caused mainly by delays, still occurring in projects, namely with respect to public contracts (lengthy preparation of the contract, appeals of tenderers, problems with the delivered solution, etc.).

In order to improve the fulfilment of forecasts and to increase the overall absorption, the IB has adopted measures consisting particularly in cutting short the time for submission of applications for payment and their administration, early consultations, completing and pre-checking the documents required for the monitoring report and application for payment.

**Intervention area 2.1**

The postponements in the conduct of public contracts cause postponements of the absorption of funds to the next periods and a decrease in the amounts of submitted applications for payment as against the forecasts. Another reason is savings in completed public contracts, where savings of up to 30 % are made in the field of IT as against the forecast. IN the approval of applications for payment the administration is accelerated both by faster submission and accelerated work at the CRD.

**In Intervention area 3.1,** the expected volume of submitted applications for payment was not reached in the monitored period. The forecast for this period was fulfilled to the level of 89.7 %. A bottleneck is frequent changes in projects, extension of project stages and postponements in the conduct of tenders. In mid-2014, a large proportion of tenders for construction works were conducted, in this critical period the majority of more demanding construction actions proved that the deadlines were unrealistic and projects had to be extended in order to achieve their successful completion.

Another reason behind the prolongations of project implementation is extra work caused by poorly performed building research, poor quality of project documentation, problems faced in building permit procedure and appeals filed by participants in the building permit procedure. So as to ensure continuous certification of expenditure, the projects were divided into stages, all beneficiaries were provided with intensive support while elaborating the application for payment in order to prevent deficiencies and protracted administration.

It was continuously pointed out to the beneficiaries that the grant provider will not allow for any transfers of funds where it would jeopardize the fulfilment of n+2 rule. In August 2014, all the beneficiaries were sent a letter requesting that the application of payment is submitted within   
5 working days following the completion of the stage. It was only thanks to intensive communication and work with beneficiaries that the forecasts were fulfilled to the level of nearly 90 %.

**In Intervention area** **3.2,** the applications for payment actually submitted in the period from   
1 Apr 2014 to 30 Jun 2014 reached 40 % of the forecast and in the period from 1 Jul 2014 to 30 Jul 2014 it was 31 % on average. Low fulfilment of forecasts was caused predominantly by growing savings in tenders which are conducive to lower values of applications for payment, withdrawal   
of projects under which funds were to be absorbed in the monitored period, extension of the date   
of completion of project stages to September and October resulting in a lower absorption of funds in the monitored period, and more stringent anti-corruption strategy of the MoH which stipulates the use of open procure for all the tenders even though a negotiated procedure without publication would be applicable.

**In Intervention area 3.3,** the forecasts of submitted applications for payment were fulfilled to the level of 65.8 % in the monitored period (applications for payment in the amount of EUR 0.60 million were submitted). The forecasts of approved applications for payment is fulfilled to the level of 116.8 % (applications for payment in the volume of EUR 2.43 million were approved). In order to ensure continuous certification of expenditure, the projects were divided into stages, intensive support is offered to beneficiaries while preparing the applications for payment in order to prevent any deficiencies in submitted applications for payment and protractions in the process of administration.

**In Intervention area** **3.4,** the absorption forecasts are fulfilled to the level of 60.62 %. The fulfilment of forecast under this intervention area in the next period is endangered. It is caused by delays in publishing and conducting public procurement procedures. The absorption of funds was transferred from the second quarter of 2014 to September and October 2014.

**In Intervention area 4.1,** the forecasts of submitted applications for payment in the 2nd quarter of 2014 were fulfilled to the level of 19 %, while in the 3rd quarter to the level of 89 %. It is caused by poorly set budgets, or savings in projects, non-compliance with project timetables – postponements in deadlines and absorption of funds, delays in the conduct of tenders, inappropriately set project activities, and fairly frequent changes in staffing of projects.

**In Intervention area 5.2,** the forecasts have been consistently exceeded thanks to trouble-free implementation of the entire intervention area. The fulfilment of all forecasts and full absorption of the allocation is still reckoned with.

**In Intervention area 5.3,** the forecasts are fulfilled and there is no risk of a loss of allocation in 2014.

1. Rate of fulfilment of forecasts of submitted applications for payment by intervention area

*Source of the actual values: IS Monit7+ as of 3 Oct 2014*

*Source: Forecasts for the NCA as of 9 Jan 2014 (April - June 2014) and as of 4 Jul 2014 (June-September 2014)*

*Source of funding: EU share increased by private expenditure (April-June) and Community contribution (June-September)*

*Currency: EUR*

1. **Comparison of the forecast and the actual value of submitted applications for payment by intervention area**

| **Priority axis /** | **Submitted applications for payment – forecast and actual (in EUR) EU source increased by private financing** | | | | | | **Submitted applications for payment – forecast and actual (in EUR) EU source** | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Intervention area** | **April 2014** | **May 2014** | **June 2014** | **Sum total** | **Difference between the actual and the forecast** | **Rate of fulfilment of the forecast** | **July 2014** | **August 2014** | **September 2014** | **SUM TOTAL** | **Difference between the actual and the forecast** | **Rate of fulfilment of the forecast** |
| 1.1a | 3 789 861 | 1 903 837 | 2 053 476 | 7 747 174 | **-3 288 401** | **58%** | 2 493 464 | 3 600 221 | 5 094 090 | 11 187 774 | **-1 532 642** | **86%** |
| **Actual** | 1 368 582 | 496 935 | 2 593 255 | 4 458 773 | 2 513 681 | 3 035 865 | 4 105 587 | 9 655 132 |
| 1.1b | 291 528 | 146 449 | 157 960 | 595 936 | **-252 954** | **58%** | 191 805 | 276 940 | 391 853 | 860 598 | **-117 896** | **86%** |
| **Actual** | 105 276 | 38 226 | 199 481 | 342 983 | 193 360 | 233 528 | 315 814 | 742 702 |
| **2.1** | **4 165 368** | **304 889** | **1 619 778** | **6 090 035** | **-2 896 557** | **52%** | **416 575** | **5 853 875** | **4 213 611** | **10 484 061** | **-4 241 797** | **60%** |
| **Actual** | 3 066 679 | 100 434 | 26 365 | 3 193 479 | 348 949 | 4 427 479 | 1 465 835 | 6 242 263 |
| 3.1 | 316 282 | 2 118 618 | 68 710 | 2 503 610 | **-1 480 268** | **41%** | 3 890 906 | 2 327 195 | 3 938 936 | 10 157 036 | **163 692** | **102%** |
| **Actual** | 101 982 | 98 265 | 823 095 | 1 023 342 | 2 134 457 | 855 854 | 7 330 417 | 10 320 728 |
| 3.2 | 8 689 714 | 5 126 160 | 4 250 810 | 18 066 683 | **-10 847 941** | **40%** | 614 131 | 2 742 378 | 5 740 069 | 9 096 578 | **-6 268 285** | **31%** |
| **Actual** | 1 513 353 | 1 611 013 | 4 094 377 | 7 218 743 | 570 644 | 647 061 | 1 610 588 | 2 828 292 |
| 3.3 | 199 845 | 21 524 | 21 395 | 242 765 | **-166 672** | **31%** | 485 333 | 15 419 | 174 743 | 675 494 | **-147 488** | **78%** |
| **Actual** | 35 788 | 8 927 | 31 378 | 76 093 | 485 333 | 15 419 | 27 255 | 528 007 |
| 3.4 | 0 | 6 128 171 | 1 080 247 | 7 208 418 | **-5 186 202** | **28%** | 2 655 080 | 1 098 429 | 667 699 | 4 421 208 | **606 692** | **114%** |
| **Actual** | 0 | 625 002 | 1 397 214 | 2 022 216 | 2 791 175 | 972 170 | 1 264 556 | 5 027 901 |
| **3** | **9 205 841** | **13 394 473** | **5 421 162** | **28 021 476** | **-17 681 083** | **37%** | **7 645 450** | **6 183 420** | **10 521 447** | **24 350 316** | **-5 645 388** | **77%** |
| **Actual** | 1 651 122 | 2 343 207 | 6 346 064 | 10 340 393 | 5 981 609 | 2 490 503 | 10 232 816 | 18 704 928 |
| 4.1a | **1 200 863** | **170 554** | **1 779 480** | **3 150 897** | **-2 557 425** | **19%** | **896 041** | **6 417 792** | **2 243 270** | **9 557 104** | **-1 070 894** | **89%** |
| **Actual** | 283 822 | 48 027 | 261 623 | 593 472 | 326 128 | 2 893 034 | 5 267 048 | 8 486 210 |
| 4.1b | **92 374** | **13 120** | **136 883** | **242 377** | **-196 725** | **19%** | **68 926** | **493 676** | **172 559** | **735 162** | **-82 371** | **89%** |
| **Actual** | 21 832 | 3 694 | 20 125 | 45 652 | 25 087 | 222 541 | 405 163 | 652 791 |
| 5.1 | 14 645 019 | 0 | 1 676 629 | 16 321 648 | **-8 829 920** | **46%** | 25 569 879 | 0 | 5 801 229 | 31 371 108 | **-17 883 260** | **43%** |
| **Actual** | 6 983 484 | 0 | 508 244 | 7 491 728 | 11 234 443 | 0 | 2 253 405 | 13 487 848 |
| 5.2 | 1 120 179 | 2 288 281 | 3 840 482 | 7 248 941 | **-260 515** | **96%** | 5 507 014 | 2 611 179 | 3 941 663 | 12 059 855 | **-1 225 713** | **90%** |
| **Actual** | 1 097 476 | 1 688 710 | 4 202 241 | 6 988 427 | 4 757 368 | 2 484 063 | 3 592 711 | 10 834 143 |
| 5.3 | 37 708 | 49 829 | 61 954 | 149 491 | **195 007** | **230%** | 449 270 | 0 | 0 | 449 270 | **13 302** | **103%** |
| **Actual** | 74 174 | 152 938 | 117 385 | 344 497 | 462 572 | 0 | 0 | 462 572 |
| **5** | **15 802 905** | **2 338 110** | **5 579 065** | **23 720 080** | **-8 895 428** | **62%** | **31 526 163** | **2 611 179** | **9 742 892** | **43 880 234** | **-19 095 671** | **56%** |
| **Actual** | 8 155 133 | 1 841 648 | 4 827 871 | 14 824 652 | 16 454 383 | 2 484 063 | 5 846 116 | 24 784 563 |
| 6.1a | 962 246 | 0 | 141 085 | 1 103 331 | **-480 690** | **56%** | 1 088 084 | 33 738 | 1 024 323 | 2 146 145 | **-1 442 543** | **33%** |
| **Actual** | 261 831 | 349 572 | 11 238 | 622 641 | 699 084 | 4 518 | 0 | 703 602 |
| 6.2a | 55 942 | 21 763 | 0 | 77 706 | **79 454** | **202%** | 194 044 | 30 110 | 55 721 | 279 875 | **-223 884** | **20%** |
| **Actual** | 0 | 157 160 | 0 | 157 160 | 28 622 | 0 | 27 369 | 55 991 |
| **6a** | **1 018 188** | **21 763** | **141 085** | **1 181 036** | **-401 236** | **66%** | **1 282 128** | **63 848** | **1 080 045** | **2 426 020** | **-1 666 427** | **31%** |
| **Actual** | 261 831 | 506 732 | 11 238 | 779 801 | 727 706 | 4 518 | 27 369 | 759 593 |
| 6.1b | 17 693 | 0 | 2 594 | 20 287 | **-8 838** | **56%** | 20 006 | 620 | 18 834 | 39 461 | **-26 524** | **33%** |
| **Actual** | 4 814 | 6 428 | 207 | 11 448 | 12 854 | 83 | 0 | 12 937 |
| 6.2b | 1 029 | 400 | 0 | 1 429 | **1 461** | **202%** | 3 568 | 554 | 1 025 | 5 146 | **-4 117** | **20%** |
| **Actual** | 0 | 2 890 | 0 | 2 890 | 526 | 0 | 503 | 1 029 |
| **6b** | 18 721 | 400 | 2 594 | 21 716 | **-7 377** | **66%** | 23 574 | 1 174 | 19 859 | 44 607 | **-30 640** | **31%** |
| **Actual** | 4 814 | 9 317 | 207 | 14 338 | 13 380 | 83 | 503 | 13 967 |
| **Forecast**  **TOTAL** | **35 585 650** | **18 293 595** | **16 891 483** | **70 770 727** | **-36 177 186** | **49%** | **44 544 125** | **25 502 124** | **33 479 626** | **103 525 875** | **-33 483 728** | **68%** |
| **Actual TOTAL** | **14 919 094** | **5 388 220** | **14 286 227** | **34 593 541** | **26 584 283** | **15 791 614** | **27 666 250** | **70 042 148** |

*Source: Forecasts for the NCA as of 9 Jan 2014 (April - June 2014) and as of 4 Jul 2014 (June-September 2014)*

*Source of the actual values: IS Monit7+ as of 3 Oct 2014*

1. **Comparison of the forecast and the actual value of submitted applications for payment by ministry**



*Source: Forecasts for the NCA as of 9 Jan 2014 (April - June 2014) and as of 4 Jul 2014 (June-September 2014)*

*Source of the actual values: IS Monit7+ as of 3 Oct 2014*

**2.7.2.2 Approved applications for payment – forecast and comparison with the actual values**

The tables above are supplemented with IOP MA and IBs data obtained from beneficiaries, which were not entered into the IS at the time of data generation.

**Intervention area 3.1**

The bottleneck of non-fulfilment of forecasts are frequent changes in projects, particularly the postponements in implementation of individual projects and associated postponements of the date   
of completion of project implementation, extension of project stages and postponements in the conduct of tenders. In mid-2014, a large proportion of tenders for construction works were conducted, in this critical period the majority of more demanding construction actions proved that the deadlines were unrealistic and projects had to be extended in order to achieve their successful completion. Another reason behind the prolongations of project implementation is extra work caused by poorly performed building research and poor quality of project documentation provided by the supplier selected in   
a tender in which the lowest bid is the only criterion. Delays also occurred due to problems in building permit procedure and appeals lodged by participants in the building permit procedure.

Major fluctuations in fulfilling the forecasts of approved applications for payment (especially in May and August 2014) were also caused by ongoing public administration checks. Deficiencies were identified during the checks of applications for payment (specifically e.g. not completed financing from the own resources of the beneficiary, late submission of the progress report, and late submission of the notification of changes in project), which triggered the public administration check so that the application for payment can be decreased by potential sanctions. For this reason the submitted applications for payment could be approved only after the public administration checks are completed. In the monitored period of May and August 2014, 3 public administration checks were performed, which contributed to the delay in administration of applications for payment.

The approval of applications for payment was affected the most by postponements in submission   
of applications for payment, when a large part of expected applications for payment was due to the above referred to reasons postponed to September 2014. The forecasts of approved applications for payment were fulfilled only to the degree of 46.7 %. The MoLSA expects that the approval   
of applications for payment will considerably accelerate at the end 2014.

With regard to corrective measures, the MoLSA focused on acceleration of the course of individual public administration checks at beneficiaries so that the process of administration of applications   
for payment is not jeopardized. In connection with the administration of applications for payment, the MoLSA commenced public administration checks since in some CRD and MoLSA projects deficiencies were identified in the course of administration of applications for payment associated with the potential violation of conditions for the Decision on providing a grant or suspected breach of budgetary discipline. This was a reason to commence checks aimed at verifying the potential breach of obligations by beneficiaries and a suspected breach of budgetary discipline in the checked projects.

In order to ensure continuous certification of expenditure, the projects were divided into stages and intensive support during the preparation of applications for payment was offered to all the beneficiaries in order to prevent any potential deficiencies in the submitted applications for payment and protractions in the process of administration.

**In Intervention area 3.3,** the forecasts of approved applications for payment are fulfilled to the degree of 116.8 %, applications for payment in the volume of EUR 2.43 million were approved. In order to ensure continuous certification of expenditure, the projects were divided into stages, the MoLSA offers intensive support to beneficiaries during the elaboration of applications for payment so as to prevent any potential deficiencies and protractions in the process of administration

The comparison of the forecasts and the actual values achieved in the submitted applications for payment **in Intervention area 5.**1 shows the fulfilment of 46 %.

The main reason behind the non-fulfilment of forecasts was especially the prolongation of project implementation due to repeatedly held public procurement procedures and archaeological field surveys. The Managing Authority and the CRD monitor the sleeping and high-risk projects and assist beneficiaries in their efforts to complete the project implementation, to achieve the project aim and to fully absorb the planned support. Monitoring visits aimed at identifying the barriers to absorption and cause of slow implementation were performed in the monitored period in all the projects.

1. Rate of fulfilment of forecasts of approved applications for payment by intervention area

*Source of the actual values: IS Monit7+ as of 3 Oct 2014*

*Source: Forecasts for the NCA as of 9 Jan 2014 (April - June 2014) and as of 4 Jul 2014 (June-September 2014)*

*Source of funding: total eligible expenditure (April-June) and Community contribution (June-September)*

*Currency: EUR*

1. **Comparison of the forecast and the actual value of approved applications for payment by intervention area**

| **Priority axis /** | **Approved applications for payment – forecast and actual (in EUR)**  **total eligible expenditure source** | | | | | | **Approved applications for payment – forecast and actual (in EUR)**  **SF source** | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Intervention area** | **April 2014** | **May 2014** | **June 2014** | **Sum total** | **Difference between the actual and the forecast** | **Rate of fulfilment of the forecast** | **July 2014** | **August 2014** | **September 2014** | **SUM TOTAL** | **Difference between the actual and the forecast** | **Rate of fulfilment of the forecast** |
| 1.1a | 1 823 790 | 2 684 064 | 801 289 | 5 309 143 | **-2 241 617** | **58%** | 622 584 | 2 593 255 | 2 493 464 | 5 709 304 | **-1 414 791** | **75%** |
| **Actual** | 298 816 | 1 402 787 | 1 365 923 | 3 067 525 | 2 885 044 | 280 773 | 1 128 695 | 4 294 513 |
| 1.1b | 121 964 | 188 035 | 53 585 | 363 585 | **-127 621** | **65%** | 47 891 | 199 481 | 191 805 | 439 177 | **-108 830** | **75%** |
| **Actual** | 22 986 | 107 907 | 105 071 | 235 963 | 221 926 | 21 598 | 86 823 | 330 347 |
| **2.1** | **395 088** | **0** | **3 675 324** | **4 070 412** | **-665 863** | **84%** | **101 667** | **27 747** | **416 575** | **545 989** | **2 559 025** | **569%** |
| **Actual** | 458 419 | 1 425 635 | 1 520 495 | 3 404 549 | 125 036 | 51 748 | 2 928 229 | 3 105 013 |
| 3.1 | 238 258 | 1 235 398 | 279 072 | 1 752 728 | **-1 215 374** | **31%** | 838 952 | 1 140 505 | 3 921 075 | 5 900 533 | **-2 861 431** | **52%** |
| **Actual** | 199 574 | 27 311 | 310 468 | 537 354 | 407 552 | 204 292 | 2 427 258 | 3 039 101 |
| 3.2 | 1 067 955 | 1 165 824 | 7 956 933 | 10 190 712 | **-7 389 021** | **27%** | 3 609 550 | 4 729 837 | 614 131 | 8 953 518 | **-2 085 634** | **77%** |
| **Actual** | 1 307 580 | 94 067 | 1 400 045 | 2 801 692 | 3 377 250 | 1 673 679 | 1 816 955 | 6 867 884 |
| 3.3 | 0 | 1 392 173 | 176 334 | 1 568 507 | **349 687** | **122%** | 0 | 31 378 | 485 333 | 516 711 | **0** | **100%** |
| **Actual** | 1 896 144 | 11 548 | 10 502 | 1 918 194 | 31 378 | 0 | 485 333 | 516 711 |
| 3.4 | 4 103 244 | 0 | 0 | 4 103 244 | **4 828 901** | **218%** | 503 330 | 1 397 214 | 2 655 080 | 4 555 624 | **1 396 211** | **131%** |
| **Actual** | 7 631 859 | 1 127 220 | 173 066 | 8 932 145 | 1 681 408 | 2 832 150 | 1 438 277 | 5 951 835 |
| **3** | **5 409 458** | **3 793 395** | **8 412 339** | **17 615 192** | **-3 425 808** | **81%** | **4 951 832** | **7 298 934** | **7 675 619** | **19 926 385** | **-3 550 854** | **82%** |
| **Actual** | 11 035 157 | 1 260 146 | 1 894 081 | 14 189 385 | 5 497 587 | 4 710 120 | 6 167 823 | 16 375 531 |
| 4.1a | **0** | **1 184 581** | **1 059 585** | **2 244 167** | **609 810** | **127%** | **82 539** | **280 912** | **896 041** | **1 259 493** | **933 556** | **174%** |
| **Actual** | 1 255 504 | 1 265 584 | 332 888 | 2 853 976 | 118 993 | 408 047 | 1 666 008 | 2 193 048 |
| 4.1b | **0** | **91 122** | **81 507** | **172 628** | **46 908** | **127%** | **6 349** | **21 609** | **68 926** | **96 884** | **71 812** | **174%** |
| **Actual** | 96 577 | 97 353 | 25 607 | 219 537 | 9 153 | 31 388 | 128 154 | 168 696 |
| 5.1 | 0 | 0 | 12 922 076 | 12 922 076 | **553 711** | **104%** | 0 | 508 244 | 25 569 879 | 26 078 123 | **-16 107 452** | **38%** |
| **Actual** | 5 259 923 | 8 215 863 | 0 | 13 475 787 | 508 244 | 7 026 271 | 2 436 155 | 9 970 670 |
| 5.2 | 1 347 971 | 348 210 | 988 393 | 2 684 573 | **3 500 431** | **230%** | 239 587 | 2 799 753 | 5 570 857 | 8 610 198 | **-147 142** | **98%** |
| **Actual** | 2 287 699 | 1 684 442 | 2 212 863 | 6 185 004 | 2 044 464 | 3 817 368 | 2 601 224 | 8 463 056 |
| 5.3 | 56 480 | 16 993 | 33 272 | 106 745 | **195 111** | **283%** | 0 | 128 679 | 469 512 | 598 190 | **-31 682** | **95%** |
| **Actual** | 74 634 | 11 885 | 215 337 | 301 856 | 204 565 | 341 573 | 20 370 | 566 508 |
| **5** | **1 404 451** | **365 203** | **13 943 740** | **15 713 394** | **4 249 253** | **127%** | **239 587** | **3 436 676** | **31 610 247** | **35 286 511** | **-16 286 277** | **54%** |
| **Actual** | 7 622 256 | 9 912 191 | 2 428 201 | 19 962 647 | 2 757 273 | 11 185 212 | 5 057 749 | 19 000 234 |
| 6.1a | 0 | 0 | 849 040 | 849 040 | **571 526** | **167%** | 349 572 | 107 347 | 1 088 084 | 1 545 004 | **-217 647** | **86%** |
| **Actual** | 376 136 | 865 770 | 178 661 | 1 420 567 | 613 309 | 11 238 | 702 810 | 1 327 356 |
| 6.2a | 123 743 | 0 | 49 361 | 173 104 | **-113 875** | **34%** | 170 710 | 0 | 194 044 | 364 754 | **-328 002** | **10%** |
| **Actual** | 59 229 | 0 | 0 | 59 229 | 8 775 | 0 | 27 976 | 36 751 |
| **6a** | **123 743** | **0** | **898 401** | **1 022 144** | **457 651** | **145%** | **520 282** | **107 347** | **1 282 128** | **1 909 757** | **-545 650** | **71%** |
| **Actual** | 435 365 | 865 770 | 178 661 | 1 479 796 | 622 084 | 11 238 | 730 787 | 1 364 108 |
| 6.1b | 0 | 0 | 15 611 | 15 611 | **10 509** | **167%** | 6 428 | 1 974 | 20 006 | 28 408 | **-4 002** | **86%** |
| **Actual** | 6 916 | 15 919 | 3 285 | 26 120 | 11 277 | 207 | 12 922 | 24 406 |
| 6.2b | 2 275 | 0 | 908 | 3 183 | **-2 094** | **34%** | 3 139 | 0 | 3 568 | 6 707 | **-6 031** | **10%** |
| **Actual** | 1 089 | 0 | 0 | 1 089 | 161 | 0 | 514 | 676 |
| **6b** | 2 275 | 0 | 16 519 | 18 794 | **8 415** | **145%** | 9 566 | 1 974 | 23 574 | 35 114 | **-10 033** | **71%** |
| **Actual** | 8 005 | 15 919 | 3 285 | 27 209 | 11 438 | 207 | 13 437 | 25 082 |
| **Forecast TOTAL** | **9 280 768** | **8 306 401** | **28 942 289** | **46 529 459** | **-1 088 872** | **98%** | **6 582 298** | **13 967 936** | **44 658 380** | **65 208 614** | **-18 352 043** | **72%** |
| **Actual TOTAL** | **21 233 084** | **16 353 292** | **7 854 211** | **45 440 587** | **12 248 534** | **16 700 331** | **17 907 706** | **46 856 571** |

*Source: Forecasts for the NCA as of 9 Jan 2014 (April - June 2014) and as of 4 Jul 2014 (June-September 2014)*

*Source of the actual values: IS Monit7+ as of 3 Oct 2014*

1. **Comparison of the forecast and the actual value of approved applications for payment by ministry**



*Source: Forecasts for the NCA as of 9 Jan 2014 (April - June 2014) and as of 4 Jul 2014 (June-September 2014)*

*Source of the actual values: IS Monit7+ as of 3 Oct 2014*

## 2.8 Analysis of Risks in Relation to Future Progress in Programme Implementation

The IOP MA coordinates the management of risks faced in IOP implementation. A summary report on IOP risk management is handed over by the IOP MA to the NCA following the approval of the Catalogue of IOP Risks. It continuously monitors the measures adopted to eliminate the risks, and their efficiency.

The most significant risks related to programme implementation and the implemented and proposed measures to eliminate them are summarised in the table below.

| **Name of the risk** | **Description of the risk** | **Measures implemented to eliminate the risk and risk development** | **Proposed measures to eliminate the risk in the future** |
| --- | --- | --- | --- |
| Non-adherence to the Agreements on delegating activities to IBs and Binding procedures pursuant to the IOP OM and IB manuals.  Failure to observe the deadlines set in guidance documents. | The non-compliance with the stipulated MA procedures can have serious implications for programme implementation. It can result in improper decisions, disputes and complaints.  The failure to meet the set procedures compromises the planning of follow-up activities and complicates financial management of the programme. It results in errors made in the programme and the failure to fulfil the forecasts. It can lead to additional costs at beneficiaries. | In 2013, 8 controls were commenced, 1 control was completed, the remaining controls will be completed in 2014. This year 4 controls were commenced and 1 control was completed. A total of 17 controls were conducted outside the plan of controls before 30 Jun 2014. | To verify the observance of agreements and conduct of delegated activities of IBs, to impose remedial measures and to monitor their fulfilment.To that end to carry out at least 4 checks of delegated activities in each IB in line with the focus stated in the Annual plan of controls of IOP MA. To use outsourcing in the field of controls of physical implementation of projects based on the contract with Cautor company and also through the NCA project.  To continue to use expert assistance in the field of performance of controls of delegated activities. |
| Monthly Monitoring Reports of IBs are exploited mainly as a source document for discussions with IBs. | To consistently use the Monthly Monitoring Reports of IBs for evaluation of adherence to procedures in the performance of delegated activities. |
| Insufficient audit trail | Incomplete procedures for retaining information and documentation, absence of or non-adherence to the binding procedures of archiving documents and audit trail, a failure to enter the data in information systems.  Insufficient documents of handing over the agenda between the officers and also between the implementation bodies.  E-mail correspondence not appropriately archived.  A risk of loss of important documents. | Control of adherance to the archiving procedures and provision of audit trail is checked as a part of the check of delegated activities included in the annual plan of controls of IOP MA. | To verify the adherence of procedures of archiving and provision of audit trail as a part of on-the-spot checks of delegated activities in proportion to the subject of the check. To obligatorily include the check of completeness, accuracy and timeliness of data entered into IS Monit7+ in the checks of delegated activities. |
| Lack of submitted quality projects | The failure to fully absorb is  one of the main risks faced  by the programme, which  may be the consequence of  multiple other risks:  - delays in publishig of calls,  - delays in project implementation (postponing the stages and completion of projects),  - problematic management of risky and sleeping projects,  - insufficient administrative capacity,  - errors in project implementation,  - deficiencies in project management and non-compliance with the timetable,   * a risk ensuing from the CZK/EUR exchange rate fluctuations (incorrect forecast of absorption capacity), * irregularities, * errors in project administration,   - ineligible expenditure,  - loss of allocation due to non-fulfilment of N+2 rule. | In the dossier required by the “Crisis Action Plan“, the sleeping projects were identified and steps for their further development or termination of their implementation were stipulated. It was regularly submitted to the Government for information as at the last day of the month. | To determine further steps to be taken in order to accelerate the project implementation or withdrawal so as to enable the use of released allocation. |
| Monitoring and evaluation of absorption capacity is under way. | To continue to implement the measures. To set priorities for administration. |
| IOP MA monitors the absorption forecasts and their fulfilment. | To monthly monitor and evaluate the absorption forecasts and their fulfilment. |
| Measures to eliminate the loss of allocation have been prepared, monitored and evaluated through the “Report of sleeping and risky projects“, “Strategy of Full Absorption“ and “Sustainability of projects“. | To prepare measures to eliminate the loss of allocation if it is imminent. |
| Information on frequently addressed situations or mistakes made in the addressed situations is updated on IOP extranet. | To continuously check the updatedness of information posted on FAQ. |
| Failure to fulfill the monitoring indicators of IOP | - A failure to achieve the planned values of monitoring indicators may result in financial corrections.  - A failure to achieve the indicative targets measured by result indicators may lead to problems in programme closure. | Pursuant to Government Resolution No 144 of 5 March 2014, works on the preparation of Analysis of absorption of the European Funds and crisis plans were launched. The Minister of Regional Development regularly, as at the last day of the month following the end of the calendar quarter, submits to the Government the information on the state of play of absorption, accomplishment of financial milestones and measures taken with respect to cross-cutting and major risks. | To use the current version of the document called “Analysis of full absorption of IOP“, or such documents as the “Crisis Action Plan” to release the projects from project pipeline and to take other measures. |
| Ineffective check of economy and efficiency of expenditure | Insufficient legislation and non-existence or unclear way of checking the effectiveness, efficiency and economy of expenditure. Difficult setting of prices usual for the assessment of economy in projects.  Insufficient exploitation of information from the application for support and progress of implementation for the 3E evaluation. | Information from final reports from evaluations, controls and audits is used to verify the effectiveness, efficiency and economy or to set procedures and methods for their monitoring. | To conduct the 3E evaluation primarily during the appraisal of project applications. To apply the wording of chapter A.1.3.4 of IOP OM. To conduct the evaluation particularly before the contracts are signed. |
| Outsourcing of experts is used for the evaluation and proposals in the field of 3E. | To use the information from 3E evaluation for the revision of procedures for controls of public contracts and eligibility of expenditure with respect to effectiveness, efficiency and economy. |
| Violation of rules governing the award of public contracts | Violation of rules governing the award of public contracts represents one of the most frequent errors in project implementation and the largest volume of ineligible expenditure. Assessment of correctness of the procedure in the award of public contracts by the Office for the Protection of Competition may cause major delays in project implementation since it can take a few months before the OPC opinion is issued. No control of all the contracts is done prior to the award of the public contract, errors and irregularities impacting the absorption and error rate of the programme are not discovered in time. According to the findings of the system audit of 2013, the prevaling part of errors is identified in tender documentation (discriminatory criteria, measurability of criteria for the award of the contract) and in erroneous evaluation procedures. | Apart from control of delegated activities in public contracts, the IOP MA performs also the checks of projects, during which the correctness of the procedure pursued by the IB during the evaluation of the public contracts is verified. | Measures to decrease the risk shall focus primarily on the stage of preparation and approval of tender documentation.  Checks of delegated activities at all IBs shall concentrate on procedures pursued during the controls of public contracts and on their observance. |
| In accordance with Government Resolution No 144 of 5 Mar 2014, the IOP MA provides quarterly updates of information to the Deputy Minister of Regional Development. | To continue to implement the measure. |
| A database of public procurement related decisions of the OPC/RAC/SAC has been created which will be used during the public procurement controls or in the provision of consultations to applicants and beneficiaries. | To use the created database. |
| To incorporate the graded sanctions for violation of Act No 137/2006 Coll., on Public Contracts in the Conditions for the Decision on providing a grant under Act No 218/2000 Coll., on Budgetary Rules. | The MA has accomplished that with respect to its calls, the IBs will incorporate them before the end of 4th quarter of 2014. |
| To include the topic of the current wording of the Public Procurement Act and its amendment in the system of IOP education. Sharing the examples of best practice, activity of the Working Group for public contracts. | To continue to implement measures. 4 in-house trainings have been held, approximately 45 persons have been trained, 26 persons have been trained at IBs. |
| A failure to absorb the allocation for JESSICA FI | Implementation of JESSICA FI is preconditioned by a transfer of allocation to the users' accounts before the end of 2015. There is an imminent risk of a failure to provide loans covering the full amount of allocation. | The likelihood of risk decreases with the progress made in JESSICA FI implementation. | Implementation of corrective measures is unnecessary. |
| Non-approval of major projects by the EC in 2014 | Following the changes in the PD – reconsideration and reallocation of funds in priority axes, the failure to have the major projects approved would result in a loss of allocation. | In cooperation with major project holders, the observance of the set out timetables aiming at settling the EC enquiries has been continuously monitored. | The European Commission has approved the GD FRS project called “Preparedness of the Fire Rescue Service of the Czech Republic for floods“. With respect to the project of the Police Presidium of the CR, the required information is supplemented and the project has not been approved as yet. |

## 2.9 Foreseen Timetable of the Announcement of Calls

No calls are planned for the following months.

An overview of ongoing calls of IOP is available on: <http://www.strukturalni-fondy.cz/cs/Jak-na-projekt/Prehled-otevrenych-vyzev-%e2%80%93-archiv> (overview of open calls).

## 2.10 Overview of Approved Projects

The list of supported projects and beneficiaries is updated by the MA at a monthly interval and published on the website <http://www.strukturalni-fondy.cz/cs/Microsites/Integrovany-OP/Zadatele-a-prijemci/Seznam-podporenych-projektu>

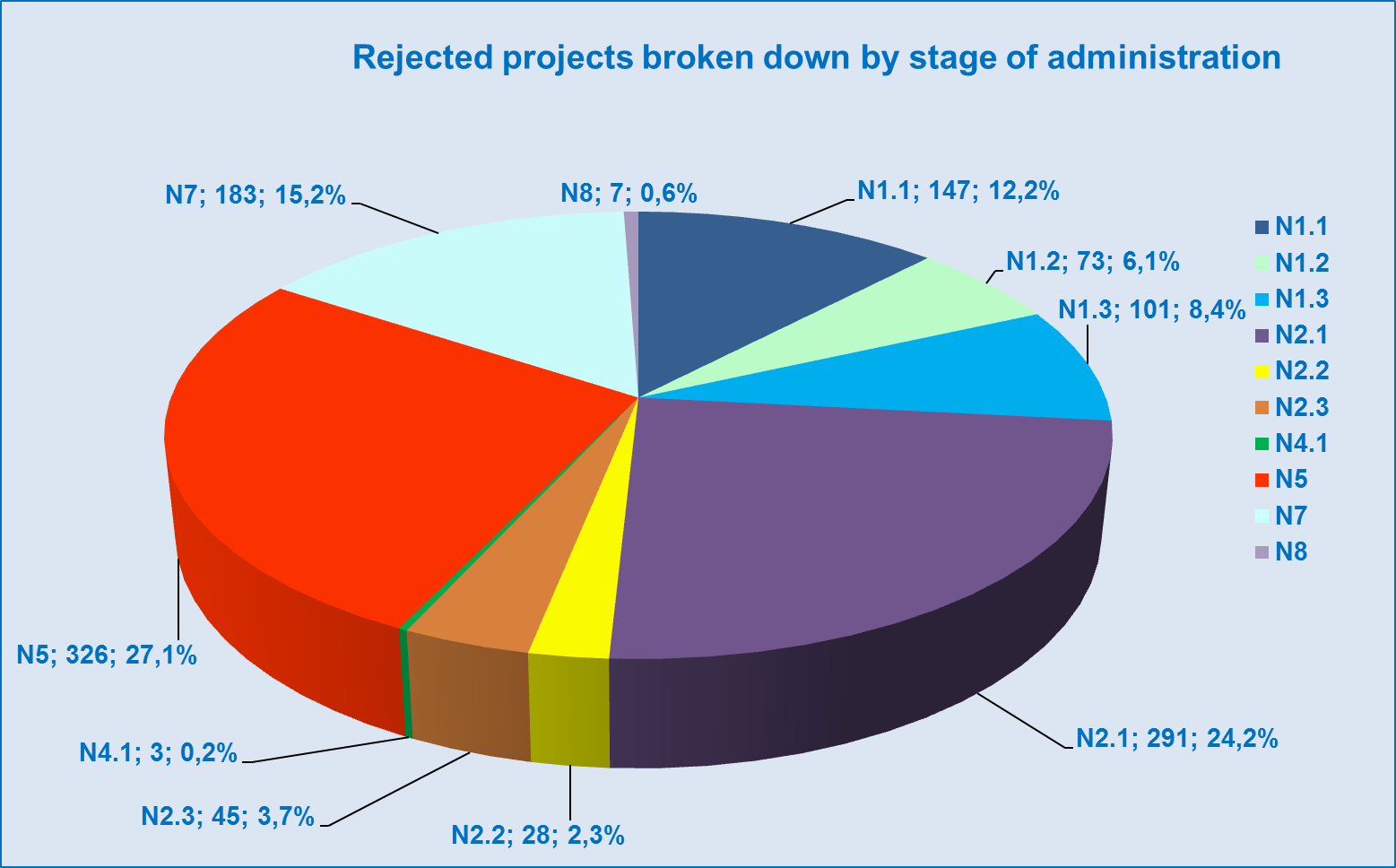
More detailed information on approved projects is derived from IS Monit7+ and made available on [www.risy.cz](http://www.risy.cz) portal run by the Centre for Regional Development of the CR, which also facilitates the search for individual projects based on various parameters.

In accordance with amendment to Act No 218/2000 Coll. on budgetary rules, the providers of support shall transmit the data on project applications submitted after 1 Aug 2012 to the publicly accessible DOTINFO information system ([www.dotinfo.cz](http://www.dotinfo.cz)), where the MA and IBs register the required data.

**Information on rejected projects[[3]](#footnote-3)**

Chart No 4 gives the number and share of rejected projects by stage of administration.

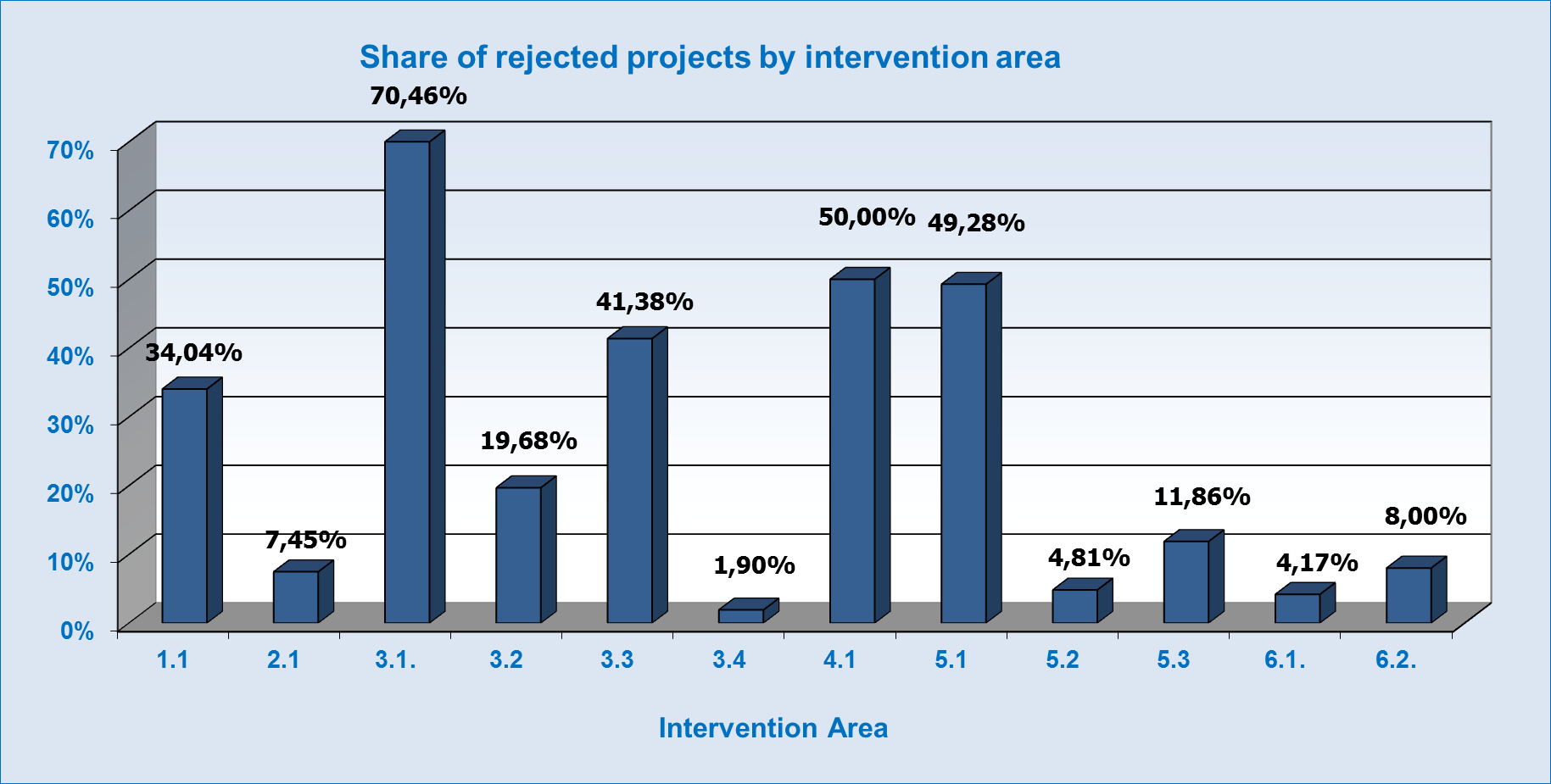
1. Percentage of rejected projects by stage of administration



*Source: IS MONIT7+ as of 3 Oct 2014*

|  |
| --- |
| ***N1.1 Project application failed to meet at least one of the eligibility criteria*** |
| ***N1.2 Project application failed to meet formal requisites*** |
| ***N1.3 Administration suspended due to the lack of funds*** |
| ***N2.1 Project failed to meet evaluation requirements*** |
| ***N2.2 Letter on rejection of project application based on ex-ante check was sent*** |
| ***N2.3 Project was not recommended for financing by the Selection Committee*** |
| ***N4.1 Issuance of Decision on providing a grant/Statement of expenditure was denied*** |
| ***N5 Project application was withdrawn by the applicant*** |
| ***N7 Project was not completed/project was withdrawn*** |
| ***N8 Contract was terminated by the MA/IB*** |

1. Rejected projects by intervention area



*Source: IS MONIT7+ as of 3 Oct 2014*

**In Intervention area 1.1,** 14 projects were rejected in the monitored period. In one case the eligibility requirements were not satisfied, in the other cases the project applications/projects were withdrawn/terminated by the applicant/beneficiary. The reasons behind the withdrawal of projects are mostly linked to the prolongation of project implementation often on account of complications in public contracts. The projects could not be implemented and reimbursed in the current programming period.

**In Intervention area 2.1, 90 of 93** projects in negative status are projects from the 22nd call exceeding the allocation to the call, and were therefore classified in a new status N1.3. In the event funds are made available, the administration of these projects will continue. In the monitored period, 3 projects were withdrawn, particularly due to protracted conduct of public contracts and the risk of non-completion of the project by the deadline.

**In Intervention area 3.1,** from the beginning of publishing of calls to 3 Oct 2014, altogether 334 projects of the total of 474 submitted project applications were rejected, which represents 70.46 %.   
As compared to the previous monitored period, there was an increase by 33 rejected projects. The reason for rejection is the failure to meet the project evaluation requirements (N 2.1 status). In the monitored period, the number of project applications rejected for the reason of not being recommended for financing by the Selection Committee went up. The main reasons for rejection are first and foremost inappropriate description of individual activities (e.g. a failure to present how to settle an easement on the land concerned), but also a failure to adequately document the project sustainability (the business plan lacked sufficient evidence of demand for and sustainability of the planned services in the given location), and also insufficient description of applicant's work experience with the target group (e.g. the project included activities inconsistent with the needs of the target group).

Another most frequent reason for rejecting the application is the withdrawal of project by the applicant, which constitutes 12.2 % of all rejected applications. In the monitored period, the number of applications rejected on this ground rose, roughly by 1 %, the applicants withdrew 4 project applications.

**In Intervention area 3.2,** no projects were under the process of evaluation in the monitored period.   
In the period from 1 Apr 2014 to 30 Sep 2014, 3 projects classified as risky projects were withdrawn from implementation.

In the course of their implementation it was necessary to repeat for a few times the public procurement procedure, which cut short the time for implementation of other activities of the project. The beneficiaries could not attain the set objectives without a further extension of project implementation that, however, could not be approved by the MoH due to the furthest deadline set in the call or a threat posed to the fulfilment of n+2 rule. Due to complicated preparation of the conditions of tender and non-fulfilment of project indicators and objectives, the beneficiaries withdrew from implementation  
 of their projects.

**In Intervention area 3.3,** ever since the beginning of publishing of calls 12 project applications   
of 29 submitted applications have been rejected. Only 1 project did not pass the eligibility check,   
6 project applications were rejected based on the failure to meet quality evaluation requirements, which represents 20.69 % of submitted project applications, namely for projects in activity 3.3 c). Three projects were not completed or were withdrawn by their applicants, which represents 10.34 % of the total number of applications. The share of rejected and withdrawn applications of the submitted projects accounts for 41.4 %. In the monitored period, from 1 Apr 2014 to 30 Sep 2014, only the project in activity a) ”LO CR Liberec – construction, purchase, reconstruction of the office building“ was withdrawn.

**In Intervention area 3.4,** no project was withdrawn in the monitored period.

**Intervention area 4.1,** has consistently shown a high share of rejected projects. This situation is caused primarily by rejection of a large number of poor quality projects submitted in the 6th and 9th call in 2009-2010. Non-governmental non-profit organisations – eligible applicants in these calls – submitted inadequately prepared projects, lacking the quality baseline analysis, well elaborated of activities and creativity, which resulted in low scoring. The non-fulfilment of evaluation requirements (status N2.1) is the most frequent reason behind the rejection of project applications in this intervention area (approximately 56 %), and ranking second among the most frequent reasons (roughly 22 %) is rejection based on the failure to fulfil some of the eligibility criteria.

In the monitored period, 19 project applications were submitted in two calls, which are currently   
at various stages of administration, and no application has been rejected as yet. The IOP MA in collaboration with the Tourism Department and CRD continuously offer consultations to applicants / beneficiaries on the preparation of projects, designing of activities, etc. The most frequently asked questions of applicants and beneficiaries have been posted at the website and will be updated.

The share of rejected projects in **Intervention area 5.1** is the third highest among all the IOP intervention areas. This situation is caused especially by rejection of projects from the 1st call of MoC CR. In the monitored period, the 24th call was published, in which 6 projects were rejected. The reason for rejection was the non-compliance with the evaluation requirements.

**In Intervention area 5.2,** 9 projects were rejected in the monitored period. Bearing in mind the number of implemented projects (1 352 projects were approved for implementation), it is an acceptable amount. The most frequent reason behind project rejection is the withdrawal of applicant on account of lacking the co-financing.

In**Intervention area** 5.3, implementation of all the projects has been completed.

## 2.11 Progress in the Implementation of Financial Instruments

Under the Integrated Operational Programme (hereinafter referred to as the “IOP“), a pilot testing of JESSICA financial instrument for support of regeneration of residential buildings with the total allocation of CZK 609 869 489 is under way pursuant to Article 44 of Council Regulation (EC)   
No 1083/2006. A part of the allocation, in dependence on absorption capacity, can be used to build modern social housing by regenerating the existing apartments. The implementation structure of JESSICA FI in IOP is composed of the IOP MA, the Holding Fund (an independent accounting unit at the State Housing Development Fund), and the Administrator of the Urban Development Fund (Komerční banka, a.s., the winner of the regular contract award procedure).

In the monitored period, the JESSICA FI in IOP reached the stage of provision of loans to recipients and some of the loans granted are already being repaid. The receipt of applications started on 21 Jan 2014 and as of 30 Sep 2014 more than one hundred applications totalling more than CZK 400 million were registered, which equals two thirds of JESSICA FI allocation in IOP. 82 loan agreements in the amount of CZK 300 million were signed. The value of the monitoring indicator No 331200 “Number of renovated apartments“ reported by the implemented projects as of 30 September 2014 equals 3 046. Of the total number of implemented projects, there are 62 projects focusing also on improving the energy efficiency of buildings, which is reported by monitoring indicator No 331500 “Energy savings in rental houses (residential buildings)“.

In the monitored period the IOP MA commenced the evaluation of implementation of JESSICA financial instrument in IOP, also with respect to its usability for the programming period 2014 – 2020. The evaluation was done based on the analysis of documents and data related to JESSICA FI in IOP and on the basis of interviews with selected staff at all levels of the FI implementation structure. In August 2014, the IOP MA released the draft evaluation report and handed it over for comments to the set up peer review group composed of the representatives of all FI implementation structure bodies. Based on the findings of the evaluation report, the IOP MA compiled an action plan comprising corrective measures.

In the period from 25 to 28 August 2014, an audit of the MoF CR Audit Authority was conducted   
at the HF. Prior to the commencement of audit itself, the IOP MA offered to the HF a training on how to prepare for the audit, which was held on 23 July 2014. The final report of the audit of operations was not completed in the monitored period.

In the monitored period, the IOP MA published two revisions of the Manual for the implementation   
of JESSICA FI, responding to the latest developments, e.g. the issuance of new Binding procedures for the award of public contracts co-financed from the EU funds, falling outside the scope   
of application of Act No 137/2006 Coll., on Public Contracts, in the programming period 2007–2013 and Commission Regulation (EC) No 1407/2013 concerning de minimis aid. On 21 July, the IOP MA issued the Methodological Guideline to the Manual for the implementation of JESSICA FI, responding to the state of play of loan portfolio. Due to a higher demand for soft loans resulting in an excessive administrative burden, the IOP MA converted the Annex No 25 to the Manual for the implementation of JESSICA FI “Overview of FI implementation” into a computerised form.

The IOP MA in the monitored period provided for the basic publicity of the state of play   
of implementation of JESSICA FI in IOP. Each issue of “IOP pod lupou” quarterly, published between 1 April 2014 and 30 September 2014, included an article about JESSICA FI. The IOP MA publishes also press releases at the MRD CR web portal on each milestone in the implementation   
of JESSICA FI. Publicity is primarily the responsibility of the UDF Administrator, while secondarily also the responsibility of the HF. Publicity, arranged for by the IOP MA, serves to increase the awareness of JESSICA FI among the general public and the media.

In the monitored half a year, the IOP MA received two quarterly monitoring reports from the HF,   
in which no ineligible expenditure was identified following the settlement of comments. There is an intensive communication between the IOP MA and the HF and technical meetings are held, where necessary. In the monitored period, the IOP MA issued opinions on received enquiries which most frequently concerned the eligibility of expenditure, publicity, loan conditions and public contracts.

The implementation of JESSICA FI in IOP is successful and the IOP MA expects that, thanks to   
a higher demand for soft loans than anticipated in the original timetable, the allocation will be fully absorbed in line with the Conditions for the Decision on providing a grant and the Contract on administration of funds by 31 Dec 2015 at the latest.

# 3 PROGRESS AT THE LEVEL OF PRIORITY AXIS

The IOP MA monitors the commitments of approved projects and the values of monitoring indicators achieved as of 30 Sep 2014. The commitments are calculated from the target values of projects starting with status P4.1 in IS Monit7+ (Project with issued Decision/Statement of expenditure). The achieved values are calculated based on projects starting with status P4.5 in IS Monit7+ (Project under implementation), with the exception of the “Number of projects” type of indicators, in which the values are aggregated starting with status P5 (Project implementation was completed). The baseline values from 2005 are taken over from the Programming Document.

## 3.1 Priority axis 1a, 1b – Modernisation of public administration

### 3.1.1 Focus of priority axes/intervention areas

Priority axes 1a and 1b aim to achieve faster and more reliable provision of state administration services to the public, and, by implementing electronic administration, to enable citizens and business entities to communicate simply and quickly with state administration authorities.

Specific goals:

* To improve the level of services of electronic public administration (eGovernment)
* To increase the use of the Internet by citizens for communication with public

administration

* To reduce the administrative burden of citizens, entrepreneurs and public sector

Supported activities:

* Creation, development and maintenance of national basic and other relevant registers

of the public administration, including safe and protected access system,

* Construction of public administration communication infrastructure,
* Creation of access points for communication with the public administration

information systems,

* Computerisation of public administration services.

Beneficiaries:

* + Government agencies and semi-budgetary organisations established by them.

### 3.1.2 Progress achieved in the implementation of priority axes/intervention areas

**In Intervention areas 1.1a and 1.1b,** a minor progress was achieved in the implementation of projects, implementation of 9 projects in Intervention area   
1.1 was successfully completed and final monitoring reports and applications for payment were subsequently submitted. Unfortunately, in some other projects, despite all the measures adopted by the IB, complications still occur and deadlines are being extended, which has an impact also on the binding plan   
of absorption. For this reason too, several projects were withdrawn from implementation in the monitored period (it concerned 3 projects with larger volumes of funds which over a long period of time showed delays in implementation – specifically a project (*Building Access Points – CR Access Points to the European architecture of social security)* of the MoLSA beneficiary and projects *(National Digital Archives)* and *(eCollection of Laws   
and international treaties and electronic creation of legislation)* of the MoI beneficiary in the total amount of ERDF contribution of over CZK 764 million; and other 11 projects from new calls which were withdrawn from implementation prior to the issuance of the Statement of expenditure on financing the GA action. In the monitored period, also call No 17 with an increased allocation was opened and closed. Projects approved by the Selection Committee are now entering the stage of implementation.

1. **Cumulative progress at the level of Intervention area 1.1a and 1.1b (in mil. CZK/EUR)[[4]](#footnote-4)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Priority axis** | **Date of the snapshot** | **Total allocation for 2007-2013[[5]](#footnote-5)** | | **Submitted applications** | | | | **Funds covered by the Decision/ Contract (Addendum)** | | | | **Funds paid to beneficiaries (funds that have been accounted for)** | | | **Aggregate payment claims accounted for by the PCA** | | | **Certified funds (including recoveries)** | | |
| **Date** | **mil. CZK** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** |
| **a** | **b** | **c** | **c/a** | **d** | **e** | **e/a** | **f** | **f/a** | **g** | **g/a** | **h** | **h/a** |
| 1.a | 2014/04/03 | 7 640,78 | 290,94 | 101 | 10 347,87 | 135,43 | 389,66 | 56 | 6 446,26 | 84,37 | 247,33 | 4 115,03 | 53,86 | 162,37 | 4 066,69 | 53,22 | 160,61 | 3 920,80 | 51,31 | 155,13 |
| 2014/10/03 | 7 656,19 | 290,94 | 141 | 12 273,40 | 160,31 | 458,60 | 55 | 5 608,10 | 73,25 | 216,50 | 4 389,22 | 57,33 | 172,32 | 4 249,44 | 55,50 | 167,24 | 3 997,25 | 52,21 | 157,74 |
| Difference | 7 656,19 | 290,94 | 40 | 1 925,53 | 25,15 | 68,94 | -1 | -838,16 | -10,95 | -30,83 | 274,19 | 3,58 | 9,94 | 182,74 | 2,39 | 6,63 | 76,45 | 1,00 | 2,61 |
| 1.b | 2014/04/03 | 587,75 | 22,38 | 0 | 795,99 | 135,43 | 29,97 | 0 | 495,87 | 84,37 | 19,03 | 316,54 | 53,86 | 12,49 | 312,82 | 53,22 | 12,35 | 301,60 | 51,31 | 11,93 |
| 2014/10/03 | 588,94 | 22,38 | 0 | 944,11 | 160,31 | 35,28 | 0 | 431,39 | 73,25 | 16,65 | 337,63 | 57,33 | 13,25 | 326,88 | 55,50 | 12,86 | 307,48 | 52,21 | 12,13 |
| Difference | 588,94 | 22,38 | 0 | 148,12 | 25,15 | 5,30 | 0 | -64,47 | -10,95 | -2,37 | 21,09 | 3,58 | 0,76 | 14,06 | 2,39 | 0,51 | 5,88 | 1,00 | 0,20 |

*Source: Current MC – MSC2007 as of 3 Oct 2014; Previous MC – MSC2007+ as of 3 Apr 2014*

*CZK/EUR exchange rate: Current MC – 27.54; Previous MC – 27.423*

*Source of funding – EU share*

**Overview of ongoing calls:**

**In Intervention areas 1.1a and 1.1b,** 1 call was under way in the monitored period.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Order of the call** | **Num-ber of the call** | **Submission of project applications** | | **Type of the call** | **IA** | **Allocation for the call** | **Submitted applications for support** | | **Projects with issued Decision/signed Contract** | |
|
| **Opening date of the call** | **Closing date of the call** | **in EUR** | **number** | **in EUR** | **number** | **in EUR** |
| 70 | 17 | 16.4.2014 | 6.6.2014 | Time-limited | 1.1a | 23 602 033 | 40 | 82 256 638 | 1 | 1 161 085 |
|  |  |  |  |  | 1.1b |  | 0 | 6 327 434 | 0 | 89 314 |
| CONV total | | | | | | 23 602 033 | 40 | 82 256 638 | 1 | 1 161 085 |
| RCE total | | | | | | 0 | 0 | 6 327 434 | 0 | 89 314 |
| **IOP total** | | | | | | **23 602 033** | **40** | **88 584 072** | **1** | **1 250 399** |

*Source: MSC2007 as of 3 Oct 2014*

*Note: The number of Submitted applications and Projects with issued Decision/signed Contract in multi-objective priority axes is given only in intervention areas related to the Convergence objective. In intervention areas falling under the Regional competitiveness and employment objective, the number is zero.*

### 

### 3.1.3 Fulfilment of indicators

The achieved values of monitoring indicators are ascertained as at the date of completion of project implementation. In ratio indicators, the resulting value is set as the average of values stated by beneficiaries in their final monitoring reports. Indicator No 150106 **“Number of created basic registers of public administration”** gives the sum total of the achieved target values set in the projects.

In ratio indicators, the achieved value oscillates at the time of completion of projects. It is caused by the way of calculation of the average values. The number of completed projects increases, but the sum total of individual values varies, therefore the resulting value grows unevenly.

**150106 Number of created basic registers of public administration** – the target value, or the commitment of beneficiaries has been achieved, projects have been completed and expenditure has been certified. The achieved target value as at 3 Oct 2014 is 5.

**150109 Share of registers connected to central registers –** this indicator was opted for by 10 projects. Of these projects, 5 projects are at P7 status - certified and 5 projects are under implementation. Since different target values of indicators were set by beneficiaries, they were recalculated and the values given in the table were arrived at by the IB. The recalculation showed that the commitment of projects equals 84 %, while the currently achieved value of completed projects is 80.89%. The recalculation was done using the table of R 18 report from IS Monit7+, which contains the monitoring indicators of projects.

**150110 Share of state administration authorities using the shared CIPA**

This indicator was reported by 18 projects. Ten projects are at P7 status - certified. Since the target values are not set in a uniform manner, they had to be recalculated. It was found out that the commitment of projects equals 93 %, while the currently achieved value of the indicator reported by completed projects is 94.77 %.

**150111 Share of ministerial and agenda portals interconnected to the Public Administration Portal**

This indicator is being fulfilled by 6 projects, of which two are at P7 status - certified. By recalculation of wrongly selected values, the following values were ascertained. The commitment of projects equals 78 % and the currently achieved value of completed projects is 68.75 %.

**150112 Share of digitized documents –** the indicator isbeing fulfilled by 8 projects, of which three are at P7 status - certified. The commitment of projects equals 26.62 % and the achieved value of the indicator reported by completed projects is 29.53 %.

**150113 Share of authorities with electronic records management system and electronic document circulation -** this ratio indicator was selected by two projects which have already been completed. By recalculating the selected values it was ascertained that the achieved value of the indicator is 100 %.

**152105 Reduction of administrative burden of citizens, entrepreneurs and public sector –** the indicator is being fulfilled by 16 projects. Twelve projects have already been completed. The selected values of indicator that had not been set in a uniform manner, were recalculated, the resulting value of the commitment following the recalculation is 75 % and the target value is also 75 %.

1. **Output indicators**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Code** | **Name of the indicator** | **Unit of measure-ment** | **Baseline value** | **Target value** | **Commit-ment of approved projects**  **CONV** | **Value achieved as**  **of 3 Oct 2014** | **As stated in the Decision as of**  **3 Oct 2014** |
|
| 150106 | Number of created basic registers of public administration | Number | 0 | 4 | 5 | 5 | 3 249 593 526 |
| 150109 | Share of registers connected to central registers | % | 0 | 75 | 84,00 | 80,89 | 3 249 593 526 |
| 150110 | Share of authorities using the shared CIPA | % | 0 | 80 | 93,00 | 94,77 | 1 216 521 740 |
| 150111 | Share of ministerial and agenda portals interconnected to the Public Administration Portal | % | 19 | 75 | 78,00 | 68,75 | 500 388 307 |
| 150112 | Share of digitized documents | % | 0 | 20 | 26,62 | 29,53 | 1 072 990 614 |
| 150113 | Share of authorities with electronic records management system and electronic document circulation | % | 20 | 100 | 100,00 | 100,00 | 1 072 990 614 |

*Source: MIS as of 3 Oct 2014 and data obtained from IBs on ratio indicators*

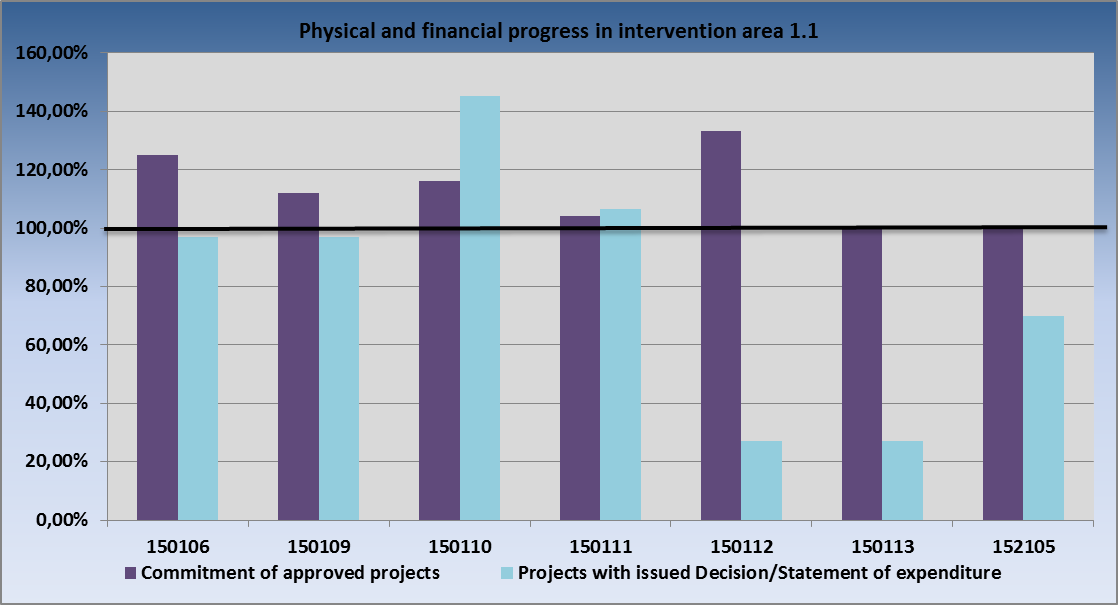
1. **Result indicators**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Code** | **Name of the indicator** | **Unit of measure-ment** | **Baseline value** | **Target value** | **Commit-ment of approved projects**  **CONV** | **Value achieved as**  **of 3 Oct 2014** | **As stated in the Decision as of**  **3 Oct 2014** |
|
| 152105 | Reduction of administrative burden of citizens, entrepreneurs and public sector | % | 100 | 75 | 75 | 75 | 6 039 494 186 |

*Source: MIS as of 3 Oct 2014 and data obtained from IBs on ratio indicators*

In the “Comparison of physical and financial progress” charts the violet bar expresses the commitment of approved projects, i.e. the total target value of the indicator, stated by beneficiaries in their applications for support and expressed in % of the total value set in the IOP Programming Document, the same value is given in the tables of indicators. The blue bar covers the funds of projects for which the Decision on providing a grant is issued, expressed as a percentage of the allocation for activity under which the relevant indicator falls.

1. Comparison of physical and financial progress in Intervention area 1.1



*Source: MSC2007 as of 3 Oct 2014, data obtained from IBs on ratio indicators*

### 3.1.4 Problems and measures taken

***Problem***

**Sleeping, high-risk and risky projects**

Sleeping, high-risk and risky projects continue to be identified in Intervention area 1.1. The main reason for classifying a project into this category is the delay in project implementation and the related failure to accomplish the financing plan.

***Measures taken***

The MoI IB continued to apply the adopted measures. It consisted primarily in project monitoring, monitoring of implementation-related problems, potential risks ensuing therefrom and a summary of specific measures to address them, including the anticipated date of their resolution. These measures comprise the setting of a crisis project timetable, sending of letters by the SFD director to the representatives of projects notifying them of the binding deadlines and procedures, bilateral meetings with project directors, or trilateral meetings attended by IOP MA representatives. Still applied is also the regulation of the top officials of the Ministry concerning a close monitoring of sleeping and risky projects under the responsibility of the MoI.

***Problem***

**Withdrawal of projects from implementation**

In the course of the monitored period, three projects in the total amount exceeding CZK 764 million (ERDF contribution) were withdrawn from implementation. A prevailing part of these funds was not drawn down and the funds were blocked for the use in other projects.

Seven other projects submitted under the 16th call were also withdrawn from implementation as well as one project submitted under the 14th call. Their total value equalled approximately CZK 355 million (ERDF contribution).

***Measures taken***

The MoI IB and IOP MA held intensive discussions with beneficiaries on the absorption of funds for project implementation. The final decision on a project withdrawal was made by beneficiaries mainly for organisational and time reasons. The financial resources intended for 2015, released by withdrawal of projects, will be used to increase the allocation for call No 17. The funds to be spent in 2014 will not be absorbed, therefore they will cause an increase of 2014 loss.

**Problem**

**Low absorption, non-fulfilment of n+2 rule**

In the course of project implementation delays occurred in project timetables, which often triggered an investigation of public contracts by the Office for the Protection of Competition, difficulties related to delivery from contractors, frequent changes in staffing of projects and the associated changes in concepts and opinions on project management. These and other facts resulted in transfers of financial resources to next periods and changes in deadlines of project implementation requested by beneficiaries. The amounts of submitted and approved applications for payment were often lower than planned.

***Measures taken***

Monthly meetings of working teams (the so called task force) continued to take place, attended by the IB project and financial managers and representatives, on the occasion of which updated information was shared on project implementation and any problems encountered in projects. The progress in implementation of activities under all projects continued to be monitored through the evaluation of submitted status reports and other documents. Where during the examination of status reports or discussions of working teams risks were identified that could affect the fulfilment of absorption forecasts and fulfilment of n+2 rule, tripartite meetings were convened, with the participation of IOP MA. Intensive consultations were held with beneficiaries on the existing division of projects into stages so that the submitted applications for payment contribute as much as possible to the fulfilment of n+2 rule in 2014.

The MoI IB has adopted and implemented measures to reduce the error rate in applications   
for payment and monitoring reports, to reduce the time before submission of monitoring reports and applications for payment by the beneficiary, and to reduce the administration period at the MoI IB. One of the measures was the assistance to beneficiaries in preparation and elaboration of the monitoring reports and the applications for payment.

It has been agreed with beneficiaries that the documentation related to tenders is to be submitted immediately after the respective step (elaboration of tender documentation, documentation related to tenders before/after the contract execution, conclusion of an addendum) is taken in order to prevent any protractions in administration of applications for payment and monitoring reports. The beneficiaries were also asked to cut short the time submission of applications for payment and monitoring reports.

### 3.1.5 Example of a project

**Intervention area:** 1.1 Developing information society in public administration

**Name of the project, registration number:** Redesign of Statistical Information System as a follow up to the introduction of eGovernment in the CR; CZ.1.06/1.1.00/07.06396

**Beneficiary:** Czech Statistical Office

**Project funding:** Total budget in CZK - CZK 205 496 842 (SF contribution - CZK 174 653 493, SB contribution - CZK 30 821 314)

**Implementation period:** 1 Jan 2010 – 30 Sep 2014

The main aim of the project is to reduce the burden of respondents of statistical surveys and to enhance the quality and availability of statistical information for all users of the Statistical Information System. The specific aim of the project is to integrate procedures, tools and technologies employed in assessing the users' requirements, preparing and processing the statistical tasks, analysing and publishing the statistical information with respect to overall efficiency of SIS tool and component creation. The project covers predominantly technology and investments. The content of the Statistical Information System is simultaneously addressed by the CSO in-house capacities.

Integration of individual solutions involves the completion of a statistical metainformation system and tools for creation of operational standards (records, projects), proposal and introduction of tools for input data collection and processing and for central processing. An essential integrating element of the project is the completion of a single data warehouse and data marts and interlinkage of the data warehouse with the CSO public database. One of the project outputs is the provision of statistical information to users through the CSO website and information services.

**

## 3.2 Priority axis 2 – Introducing ICT in territorial public administration

### 3.2.1 Focus of priority axes/intervention areas

Priority axis 2 is focused on modernisation of the territorial public administration, mainly on creating the conditions for application of e-Government at the local level, on optimisation of processes in the local self-governing bodies, mainstreaming electronic communication between the individual levels of public administration by ensuring mutual compatibility of information systems and data consistency, by providing as much information as possible free of charge via the Internet.

Specific goals:

* To increase the level of services of electronic public administration at regional and local level,
* To decrease the administrative burden of citizens, entrepreneurs and public sector.

Supported activities:

* Data sharing with central registers in public administration and creation of other relevant registers for needs of territorial (local) public administration,
* Construction of the territorial public administration communication infrastructure:
* Creation of access points for communication with the public administration information systems
* Computerisation of public administration services, particularly by means of computerisation of procedures of individual agendas performed by the local public administration bodies.

Beneficiaries:

* Regions and municipalities and organisations established and founded by them, unions of municipalities.

### 3.2.2 Progress achieved in implementation of priority axes/intervention areas

**In Intervention area 2.1,** altogether 215 applications were submitted in the monitored period under the 22nd call, the allocation for the call was exceeded by CZK 300 million. Approval of projects and issuance of legal acts for projects from the 19th call and a part of projects from the 22nd call was completed. Due to the planned dates of project completion or stage completion only in August or September 2014, a substantial increase in the amount of funds included in the aggregate payment claims will be seen only in October and November, and in case of certified expenditure only in December 2014.

1. **Cumulative progress at the level of Intervention area 2.1 (in mil. CZK/EUR)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Priority axis** | **Date of the snapshot** | **Total allocation for 2007-2013[[6]](#footnote-6)** | | **Submitted applications** | | | | **Funds covered by the Decision/ Contract (Addendum)** | | | | **Funds paid to beneficiaries (funds that have been accounted for)** | | | **Aggregate payment claims accounted for by the PCA** | | | **Certified funds (including recoveries)** | | |
| **Date** | **mil. CZK** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** |
| **a** | **b** | **C** | **c/a** | **D** | **e** | **e/a** | **f** | **f/a** | **g** | **g/a** | **h** | **h/a** |
| 2.1 | 2014/04/03 | 3 921,70 | 148,51 | 5 854 | 4 920,07 | 125,46 | 184,92 | 5 477 | 3 565,68 | 90,92 | 135,53 | 2 055,69 | 52,42 | 80,47 | 1 974,02 | 50,34 | 77,49 | 1 932,56 | 49,28 | 75,96 |
| 2014/10/03 | 3 929,27 | 148,51 | 6 069 | 5 618,21 | 142,98 | 209,84 | 5 593 | 4 153,43 | 105,70 | 156,65 | 2 205,52 | 56,13 | 85,92 | 2 171,00 | 55,25 | 84,67 | 2 081,46 | 52,97 | 81,39 |
| Difference | 3 929,27 | 148,51 | 215 | 698,14 | 17,77 | 24,92 | 116 | 587,75 | 14,96 | 21,12 | 149,83 | 3,81 | 5,45 | 196,98 | 5,01 | 7,18 | 148,90 | 3,79 | 5,43 |

*Source: Current MC – MSC2007 as of 3 Oct 2014*

*Previous MC – MSC2007+ as of 3 Apr 2014*

*CZK/EUR exchange rate: Current MC – 27.54*

*Previous MC – 27.423*

*Source of funding – EU share*

**Overview of ongoing calls**

In the monitored period of 2014, call No 22 for Intervention area 2.1 was under way. In the monitored period, the allocation of financial support from ERDF was increased from CZK 250 million to CZK 400 million.

1. **Overview of ongoing calls in the period from 1 Apr 2014 to 30 Sep 2014 in Priority axis 2**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Order of the call** | **Num-ber of the call** | **Submission of project applications** | | **Type of the call** | **IA** | **Allocation for the call** | **Submitted applications for support** | | **Projects with issued Decision/signed Contract** | |
|
| **Opening date of the call** | **Closing date of the call** | **in EUR** | **number** | **in EUR** | **number** | **in EUR** |
| 69 | 22 | 14.2.2014 | 30.6.2014 | Time-limited | 2.1. | 9 116 435 | 215 | 29 823 668 | 102 | 14 976 291 |
| **PA2 total** | | | | | | **9 116 435** | **215** | **29 823 668** | **102** | **14 976 291** |

*Source: IS Monit7+IOP as of 3 Oct 2014*

*CZK/EUR exchange rate: 27.54*

*Source of funding – public funds total*

### 3.2.3 Fulfilment of indicators

The dates of fulfilment of monitoring indicators are set in projects as at the end of project implementation, therefore the postponement of the date of project completion results in the postponement of the date of fulfilment of the monitoring indicator.

In the monitored period only a slight progress in the fulfilment of indicators was achieved since the fulfilment of indicators depends on the completion of projects, and only a smaller part of projects has already been completed.

In indicator No **150105 Number of contact points of public administration (Czech Point),** all the projects, with a few exceptions only, have already been completed. The indicator will be fulfilled.

As concerns indicators No **150117 Share of local public administration registers connected to central registers**, No **150115 Share of local networks connected to CIPA** and No **150116 Share of regional portals integrated into the Public Administration Portal,** the implementation of projects fulfilling the MI is extended. The MA monitors the situation and based on the changes in projects anticipates that the MI will be fulfilled.

In indicator No **150114 Number of new fully digitised agendas of local public administration,** an overcommitment occurred with regard to projects from the call No 22. Since in this call the number of projects was excessively high and it is unclear whether the allocation for the call will be increased, the MA will consider the overcommitment once the situation is clarified.

With respect to indicator No **150112 Share of digitised documents,** the largest applicant in Intervention area 1.1, with which the MI is shared, withdrew from implementation. The MA will consider the modification of description of the MI so that it better suits the needs of Intervention area 2.1.

The indicator No **150113 Share of authorities with electronic records management system and electronic document circulation** does not include the authorities of municipalities that use the guest electronic records management system of its superior municipality with extended powers or the Region. The planned number of authorities has been supported.

1. **Output indicators**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Code** | **Name of the indicator** | **Unit of measure-ment** | **Baseline value** | **Target value** | **Commit-ment of approved projects** | **Value achieved as**  **of 3 Oct 2014** | **As stated in the Decision as of**  **3 Oct 2014** |
|
| 150105 | Number of contact points of public administration (Czech Point) | Number | 1300 | 6244 | 6572 | 6559 | 419 515 419 |
| 150117 | Share of local public administration registers connected to central registers | % | 0 | 75 | 100,00 | 100,00 | 208 715 427 |
| 150115 | Share of local networks connected to CIPA | % | 10 | 85 | 80,77 | 52,88 | 600 222 750 |
| 150116 | Share of regional portals integrated into the Public Administration Portal | % | 0 | 75 | 67,80 | 75,00 | 419 515 419 |
| 150114 | Number of new fully digitised agendas of local public administration | Number | 0 | 126 | 244,00 | 65,00 | 2 924 972 974 |
| 150112 | Share of digitised documents | % | 0 | 20 | 22,72 | 22,10 | 2 924 972 974 |
| 150113 | Share of authorities with electronic records management system and electronic document circulation | % | 20 | 100 | 54,17 | 52,78 | 2 924 972 974 |
| 152000 | Online availability of eGovernment services | % | 30 | 75 | 0,00 | 0,00 |  |

***Source: MSC2007 as of 3 Oct 2014, data obtained from IBs on ratio indicators***

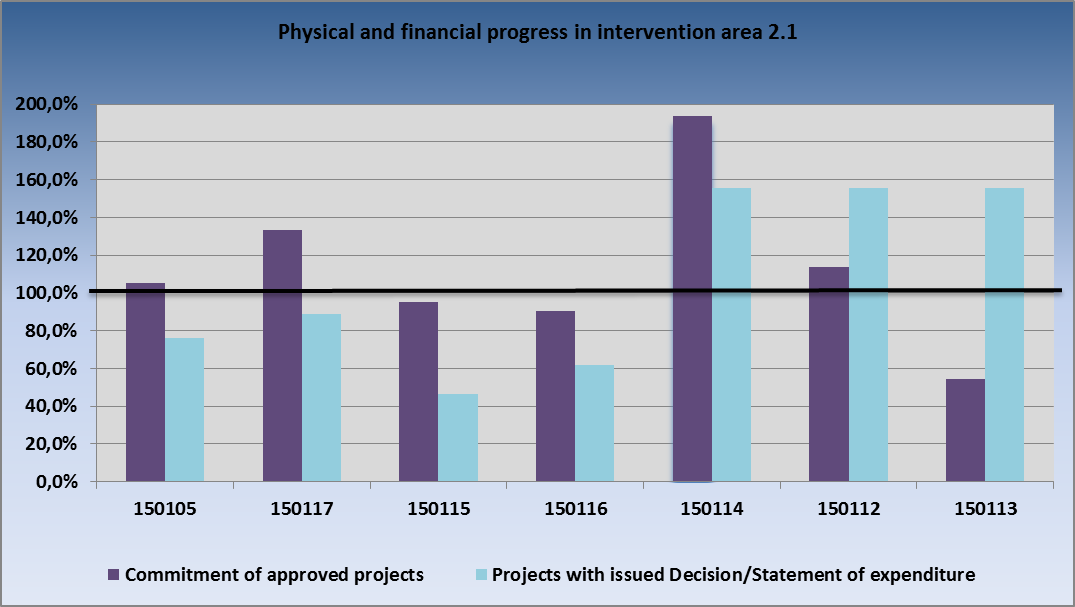
1. **Result indicators**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Code** | **Name of the indicator** | **Unit of measure-ment** | **Baseline value** | **Target value** | **Commit-ment of approved projects** | **Value achieved as**  **of 3 Oct 2014** | **As stated in the Decision as of**  **3 Oct 2014** |
|
| 152105 | Reduction of administrative burden of citizens, entrepreneurs and public sector | % | 100 | 75 | 0 | N/A | 4 153 426 570 |

***Source: MSC2007 as of 3 Oct 2014, data obtained from IBs on ratio indicators***

In the Comparison of physical and financial progress charts the violet bar expresses the commitment of approved projects, i.e. the total target value of the indicator, stated by beneficiaries in their applications for support and expressed in % of the total value set in the IOP Programming Document, the same value is given in the tables of indicators. The blue bar covers the funds of projects for which the Decision on providing a grant is issued, expressed as a percentage of the allocation for activity under which the relevant indicator falls.

1. Comparison of physical and financial progress in Intervention area 2.1



*Source: MSC2007 as of 3 Oct 2014, data obtained from IBs on ratio indicators*

### 3.2.4 Problems and measures taken

**Problem**

Frequent problems in the conduct of public contracts cause delays in the timetable of implementation and postponement of absorption of funds until the final stages of projects and to 2015.

***Measures taken***

The CRD continues to provide consultations on public contracts. Risky and sleeping projects continue to be identified, further progress in implementing and accomplishing the corrective measures is monitored. The project called Prevention (Prevence) of the National Coordination Authority is exploited for consultations with beneficiaries and elimination of mistakes in applications for payment and monitoring reports.

* Errors in tenders and subsequent corrections of eligible expenditure - measure: the CRD forwards its opinion on tender documentation to the beneficiary, offers consultations.
* Violation of Conditions, most often late submission of the monitoring report, application for payment, progress report, failure to submit the progress report, late submission of the notification of a change (modification) in project - measures: using the Monit Daemon services – internal dispatches to project administrators on the process of project implementation, encouraging beneficiaries to submit the monitoring report/application for payment, seminars for beneficiaries, consultations.
* Mistakes in the notifications of a change make their administration and approval longer - measures: adding the requirements for data to be stated in a notification of a change to the HAB, consultations, seminars, control at HQ before they are sent to the MA for opinion.

### 3.2.5 Example of a project

**Intervention area: 2.1 Introducing ICT in territorial public administration**

**Name of the project, registration number:** Ensuring data and information transfer in the territory of the Statutory Town of Karlovy Vary, CZ.1.06/2.1.00/09.0739

**Beneficiary:** Town ofKarlovy Vary

**Project funding:** Total budget - CZK 85 000 000 (SF contribution – CZK 72 250 000, SB contribution – CZK 0)

The project aims to develop communication infrastructure, identity and access management, to digitize the building authority archives, to create a data warehouse, a document management system and last but not least to elaborate a security strategy with the view for the created information infrastructure to be used in everyday activities of the authority and in order for it to be compatible with the national infrastructure (e.g. basic registers). The data security of the Municipal Authority will improve and its services rendered to citizens will become more efficient.

## 3.3 Priority axis 3 – Improving public services quality and accessibility

### 3.3.1 Focus of priority axes/intervention areas

Activities of Priority Axis 3 follow from the interventions into the quality and effectiveness of the public administration functioning. The common goal is to improve the organisation, financing and the evaluation process of public services. The priority axis is focused on **four intervention areas**:

* 3.1 – Social integration services
* 3.2 – Public health services
* 3.3 – Employment services
* 3.4 – Services in security, risk prevention and management

Specific goals:

* reinforcing social integration by transforming residential social welfare facilities into other types of social services, while improving the quality and accessibility of social services to allow the clients return to the labour market and to the society in general
* innovation and modernisation of the infrastructure for care for the population’s health, with an emphasis put on the extension of national networks of specialised facilities, prevention of health risks and higher effectiveness, quality and availability in the system of providing public health services,
* enhancement of quality of employment services and support of development of new tools and institutions of employment services, including education of employees and clients of the employment services,
* better quality in the field of prevention and risk management through modernisation of infrastructure.

Beneficiaries:

* government agencies and semi-budgetary organisations established by them,
* regions and municipalities and organisations established by them,
* non-governmental non-profit organisations,
* entrepreneurs (persons registered in the Commercial Register, persons doing business based on a trade licence or based on special regulations).

### 3.3.2 Progress achieved in implementation of priority axes/intervention areas

**In Intervention area 3.1,** ever since the beginning of the monitored period a total of 474 project applications have been submitted, equalling EUR   
117.46 million, which represents 217 % of the allocation. In the period from 1 Apr 2014 to 30 Sep 2014 no project application was submitted, all the calls   
for Intervention area 3.1 were closed. In the monitored period, the value of projects with issued Decision decreased due to the withdrawal of four projects.   
In the monitored period, the beneficiaries were paid funds in the amount of EUR 3.54 million. The aggregate payment claims included less funds than in the previous monitored period, namely by EUR 2.33 million. This development is caused by postponements in project timetables. The MoLSA assumes that the approval of applications for payment will accelerate mainly in October and November, the fulfilment of n+2 rule should not be jeopardized. The certified expenditure rose in the monitored half a year by EUR 0.69 million, this situation is caused by a short, two-month only period of certification (from 1 Apr to 1 Jun 2014) within the monitored period.

1. **Cumulative progress at the level of Intervention area 3.1 (in mil. CZK/EUR)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Priority axis** | **Date of the snapshot** | **Total allocation for 2007-2013[[7]](#footnote-7)** | | **Submitted applications** | | | | **Funds covered by the Decision/ Contract (Addendum)** | | | | **Funds paid to beneficiaries (funds that have been accounted for)** | | | **Aggregate payment claims accounted for by the PCA** | | | **Certified funds (including recoveries)** | | |
| **Date** | **mil. CZK** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** |
| **a** | **b** | **c** | **c/a** | **D** | **e** | **e/a** | **f** | **f/a** | **g** | **g/a** | **h** | **h/a** |
| 3.1 | 2014/04/03 | 1 475,69 | 54,64 | 474 | 3 210,61 | 217,57 | 117,91 | 125 | 1 452,62 | 98,44 | 53,80 | 342,00 | 23,18 | 13,30 | 329,16 | 22,31 | 12,83 | 310,32 | 21,03 | 12,15 |
| 2014/10/03 | 1 480,56 | 54,64 | 474 | 3 210,61 | 216,85 | 117,46 | 121 | 1 386,67 | 93,66 | 51,23 | 439,39 | 29,68 | 16,84 | 353,80 | 23,90 | 13,73 | 329,33 | 22,24 | 12,84 |
| Difference | 1 480,56 | 54,64 | 0 | 0,00 | 0,00 | -0,45 | -4 | -65,95 | -4,45 | -2,57 | 97,39 | 6,58 | 3,54 | 24,64 | 1,66 | 0,90 | 19,00 | 1,28 | 0,69 |

**The following is applicable to all the tables below:**

*Source: Current MC – MSC2007 as of 3 Oct 2014*

*Previous MC – MSC2007+ as of 3 Apr 2014*

*CZK/EUR exchange rate: Current MC – 27.54*

*Previous MC – 27.423*

*Source of funding – EU share*

**In Intervention area 3.2,** the certification has been suspended and the horizontal audit is carried out. Until its results are obtained, the issuance of guidance documents for projects from the 17th and 18th call is suspended because of concerns about the imposition of financial corrections that would have to be covered from the state budget (errors were not made by aid beneficiaries). If the guidance documents were issued, an imminent risk would arise of overcommitment   
of state budget funds with no appropriate coverage from the European Commission funds.

The funds are reimbursed to aid beneficiaries regardless the suspended certification of expenditure. In the monitored period, the amount of EUR 9.69 million was reimbursed.

1. **Cumulative progress at the level of Intervention area 3.2 (in mil. CZK/EUR)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Priority axis** | **Date of the snapshot** | **Total allocation for 2007-2013** | | **Submitted applications** | | | | **Funds covered by the Decision/ Contract (Addendum)** | | | | **Funds paid to beneficiaries (funds that have been accounted for)** | | | **Aggregate payment claims accounted for by the PCA** | | | **Certified funds (including recoveries)** | | |
| **Date** | **mil. CZK** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** |
| **a** | **b** | **c** | **c/a** | **D** | **e** | **e/a** | **f** | **f/a** | **g** | **g/a** | **h** | **h/a** |
| 3.2 | 2014/04/03 | 6 509,54 | 248,48 | 249 | 9 585,40 | 147,25 | 360,65 | 184 | 6 240,77 | 95,87 | 238,68 | 3 906,13 | 60,01 | 153,55 | 3 741,22 | 57,47 | 147,53 | 3 573,21 | 54,89 | 141,06 |
| 2014/10/03 | 6 521,06 | 248,48 | 249 | 9 585,40 | 146,99 | 359,75 | 180 | 6 156,61 | 94,41 | 235,25 | 4 173,36 | 64,00 | 163,23 | 3 810,19 | 58,43 | 150,05 | 3 548,83 | 54,42 | 140,08 |
| Difference | 6 521,06 | 248,48 | 0 | 0,00 | 0,00 | -0,89 | -4 | -84,16 | -1,29 | -3,43 | 267,23 | 4,10 | 9,69 | 68,97 | 1,06 | 2,51 | -24,37 | -0,37 | -0,98 |

**In Intervention area 3.3,** no project application was submitted in the monitored period. The amount covered by the issued Decisions dropped by EUR   
9.39 million due to savings made in conducted tenders. Funds in the amount of EUR 2.15 million were reimbursed. In total, funds amounting to EUR 20.65 million have been reimbursed, which represents 49.75 % of the allocation.  The expenditure totalling EUR 20.11 million has been certified, i.e. 48.37 % of the allocation.

1. **Cumulative progress at the level of Intervention area 3.3 (in mil. CZK/EUR)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Priority axis** | **Date of the snapshot** | **Total allocation for 2007-2013** | | **Submitted applications** | | | | **Funds covered by the Decision/ Contract (Addendum)** | | | | **Funds paid to beneficiaries (funds that have been accounted for)** | | | **Aggregate payment claims accounted for by the PCA** | | | **Certified funds (including recoveries)** | | |
| **Date** | **mil. CZK** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** |
| **a** | **b** | **c** | **c/a** | **D** | **e** | **e/a** | **f** | **f/a** | **g** | **g/a** | **h** | **h/a** |
| 3.3 | 2014/04/03 | 1 069,53 | 40,21 | 29 | 1 854,55 | 173,40 | 68,83 | 16 | 1 031,68 | 96,46 | 38,83 | 474,09 | 44,33 | 18,49 | 474,09 | 44,33 | 18,49 | 457,73 | 42,80 | 17,90 |
| 2014/10/03 | 1 071,90 | 40,21 | 29 | 1 854,55 | 173,02 | 68,63 | 16 | 780,28 | 72,79 | 29,44 | 533,23 | 49,75 | 20,65 | 519,86 | 48,50 | 20,16 | 518,48 | 48,37 | 20,11 |
| Difference | 1 071,90 | 40,21 | 0 | 0,00 | 0,00 | -0,21 | 0 | -251,41 | -23,45 | -9,39 | 59,13 | 5,52 | 2,15 | 45,77 | 4,27 | 1,67 | 60,75 | 5,67 | 2,22 |

**In Intervention area 3. 4,** in the monitored period the legal act was issued for the major project of the GD FRS and for other projects of the PCR, FRS and EMS. Essential for certification in 2014 will be October 2014, when the FRS projects from the 11th and 18th call will be divided into stages so as to achieve maximum absorption this year.

1. **Cumulative progress at the level of Intervention area 3.4 (in mil. CZK/EUR)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Priority axis** | **Date of the snapshot** | **Total allocation for 2007-2013** | | **Submitted applications** | | | | **Funds covered by the Decision/ Contract (Addendum)** | | | | **Funds paid to beneficiaries (funds that have been accounted for)** | | | **Aggregate payment claims accounted for by the PCA** | | | **Certified funds (including recoveries)** | | |
| **Date** | **mil. CZK** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** |
| **a** | **b** | **c** | **c/a** | **D** | **e** | **e/a** | **f** | **f/a** | **g** | **g/a** | **h** | **h/a** |
| 3.4 | 2014/04/03 | 7 325,90 | 271,29 | 130 | 8 112,50 | 110,74 | 299,97 | 125 | 4 234,02 | 57,80 | 158,54 | 1 695,70 | 23,15 | 65,98 | 1 691,47 | 23,09 | 65,82 | 1 554,08 | 21,21 | 60,80 |
| 2014/10/03 | 7 349,36 | 271,29 | 158 | 10 100,79 | 137,44 | 371,19 | 141 | 6 583,52 | 89,58 | 243,48 | 2 068,70 | 28,15 | 79,54 | 2 000,12 | 27,21 | 77,05 | 1 854,67 | 25,24 | 71,77 |
| Difference | 7 349,36 | 271,29 | 28 | 1 988,28 | 27,05 | 71,22 | 16 | 2 349,50 | 31,97 | 84,94 | 373,01 | 5,08 | 13,56 | 308,65 | 4,20 | 11,23 | 300,59 | 4,09 | 10,97 |

**Overview of ongoing calls**

In Priority axis 3, 5 calls with the total allocation of EUR 140.88 million were under way, in which   
49 project applications in the volume of EUR 169.07 million were submitted, 33 projects in the amount of EUR 113.49 million were approved.

**In Intervention area 3.1,** no call was under way in the monitored period.

**In Intervention area 3.2,** no call was under way in the monitored period. Due to the suspension   
of certification, no guidance documents were issued for projects from the 18th call (11 projects in the amount of EUR 28.5 million) and the process of approval of projects from the 17th call was suspended (8 project applications in the amount of EUR 4.6 million).

**In Intervention area 3.3,** one call with the volume of EUR 46.2 million was under way. The call   
is scheduled to be closed on 31 May 2015, 20 project applications in the amount of EUR 71.78 million were submitted and 17 projects in the volume of EUR 52.49 million were approved.

**In Intervention area 3.4,** 4 calls with the total allocation of EUR 94.7 million were under way. In the monitored period, 29 project applications in the amount of EUR 97.28 million were submitted and 16 projects in the volume of EUR 60.99 million were approved.

1. **Overview of ongoing calls in the period from 1 Apr 2014 to 30 Sep 2014 in Priority axis 3**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Order of the call** | **Number of the call** | **Submission of project applications** | | **Type of the call** | **IA** | **Allocation for the call** | **Submitted applications for support** | | **Projects with issued Decision/signed Contract[[8]](#footnote-8)** | |
|
| **Opening date of the call** | **Closing date of the call** | **in EUR** | **number** | **in EUR** | **number** | **in EUR** |
| 22 | 4 | 11.11.2009 | 31.5.2014 | Continuous | 3.3. | 46 177 308 | 20 | 71 788 645 | 17 | 52 496 575 |
| 66 | 21 | 10.12.2013 | 25.4.2014 | Time-limited | 3.4. | 19 180 979 | 15 | 22 063 208 | 15 | 22 085 295 |
| 71 | 23 | 28.2.2014 | 30.5.2014 | Time-limited | 3.4 | 24 432 046 | 13 | 36 308 111 | 0 | 0 |
| 74 | 26 | 30.6.2014 | 29.8.2014 | Time-limited | 3.4. | 39 397 240 | 1 | 38 911 002 | 1 | 38 911 002 |
| 75 | 27 | 5.9.2014 | 27.2.2015 | Time-limited | 3.4. | 11 692 084 |  |  |  |  |
| **PA3 total** | | | | | | **140 879 658** | **49** | **169 070 966** | **33** | **113 492 872** |

*Source: IS Monit7+IOP as of 3 Oct 2014*

*CZK/EUR exchange rate: 27.54*

*Source of funding – public funds total*

### 

### 3.3.3 Fulfilment of indicators

**Intervention area 3.1**

Indicator **No 330300 “Number of projects focused on social inclusion“** reflects the fulfilment under all three activities. Since as of 3 Oct 2014 altogether 121 projects reached the status of commitment   
of approved projects, which means 95.3 % of the target value of the monitoring indicator, the MoLSA assumes that this target value of the indicator will be fulfilled. The achieved value as against the previous monitored period increased by 22 projects.

**Indicator No 75713** **“Facilities with transformation in progress”** gives the number of social service facilities with transformation in progress. Following the revision of the IOP Programming Document the target value in 2013 was decreased from 30 to 20 facilities. As of 3 Oct 2014, 21 social service facilities reached the status of commitment, which is why the MoLSA anticipates that the target value of this indicator will be achieved. As compared to the previous monitored period, the number of facilities in which the transformation was launched remained the same.

The target value of indicator **No 75714 “Number of supported organisations”** in activity 3.1 b) is   
30 organisations. As of 3 Oct 2014, the achieved value of the indicator is 21, 29 projects are at the status of commitment, which represents 96.7%.

The achieved value of indicator **No 75802 “Number of supported entities“** in the field of social economy as of 3 Oct 2014 is 38 supported entities, as against the previous monitored period there was an increase by 5 supported entities . As of 3 Oct 2014, 45 projects are at the status of commitment. Activity 3.1 c) contributes to a high share of rejected projects on the grounds of withdrawal   
of beneficiaries from project implementation. The MoLSA has taken measures to support beneficiaries and intensified its work with beneficiaries in the form of one-to-one consultations. A project pipeline comprising twenty five projects was created in this activity, of which in May 2014 altogether   
17 projects were recommended for financing by the Selection Committee. If the projects from the pipeline are not implemented, the target value of the indicator will most likely not be achieved.

In indicator **No 75711 “Alternative social services”,** in activity 3.1 a) the achieved value as of 3 Oct 2014 as compared to the previous monitored period increased by 13 alternative social services. In this indicator the commitment of approved projects equals 120.78 %, the target value of the indicator   
is exceeded.

In order to maximize the use of available funds under IOP saved in public contracts, a decision was adopted together with the IOP MA to release the funds for projects from the List of substitute projects approved in activity 3.1 a), with the creation of the project pipeline in this activity being one of the tasks assigned by the 12th IOP MC. Projects in this activity were supported also due to the upcoming end of the programming period since the Regions avail of much more experience with the implementation of investment projects and are able to implement the projects smoothly also in a fairly short period of time. In projects included in the pipeline the feasibility of their implementation by 30 Nov 2015 was carefully assessed.

In indicator **No 75712 “Number of newly established social services and activities”**, linked to activity 3.1 b), the number of newly established social services grew by 14 as against the previous monitored period. A total of 127 projects is at the status of commitment and the target value of the indicator is 142. The MoLSA expects that the indicator will not be fulfilled.

The target value of indicator **No 75603 “Efficiency of support”** in activity 3.1 c) remains at 60 % and the achieved value is 70.11 %, which means that the target value of the indicator is exceeded. Currently, due to the implementation of the Action Plan for the Evaluation of consistency   
of monitoring indicators with the IOP objectives, the values of the “Efficiency of support” indicator from the 1st and 8th call for activity 3.1 c) are being harmonised. This way the MoLSA will ensure the comparability of reported values by ascertaining the number of FTE from the target group employed in projects from the 1st call, the results of which were formerly mandatorily recorded as the number   
of employees. This fact will contribute to the decrease of the achieved value of the indicator.

In activity 3.1 a), the target values of the monitoring indicator No **75713** **“Facilities with transformation in progress”** and No **75711 “Alternative social services“** are expected to be fulfilled. The projects with issued Decision currently achieve the target value of indicator of 98 %.

In the monitoring indicator No **75714 “Number of supported organisations”,** in activity 3.1 b) the status of commitment of approved projects reached 96.7 % and the number of new social services at the status of commitment reached the value of 89.4 %.

The MoLSA expects that these indicators will not be fulfilled. In the monitored period, the already supported projects were withdrawn from implementation in this activity due to complications accompanying the issuance of the building permit, tenders for construction work contractors and also the petitions of residents who refused the projects focusing on integration of socially excluded persons in referendums. Due to the demanding nature of investment actions, opening of a new call and implementation of new projects before 30 Nov 2015 is not feasible.

**Intervention area 3.2**

**Indicator No 80721 “Increase in the standard (fit-out) of specialised workplaces in national networks”**

In this indicator the achieved value is 69.47% , whereas the target value equals 60 % of the fit-out   
(the target value of indicator was thus exceeded by roughly 15.8 %). Since the Decision on providing   
a grant has so far not been issued for projects from the 18th call, a slight increase of the target value   
at the end of the programming period can be foreseen.

**Indicator No 080712 “Number of prevention programmes available to citizens”**

The indicator is currently fulfilled to the level of 76 % (32 prevention programmes of the target value of 45 programmes have been introduced). In activity 3.2 b), a gradual increase in absorption capacity has been reported in the field of prevention of health risks and epidemiology, which resulted in   
a higher number of announced calls, in which projects with a lower volume of funds were submitted. Since each of the implemented projects usually results in one prevention programme and the commitment of approved projects has currently reached 56 prevention programmes, the achieved value of the indicator as at the end of the programming period will be higher.

**Indicator No 080704 “Number of programmes introducing the standards and standard procedures for quality and cost management“** is currently fulfilled to the level of 58 % of the target value (14 prevention programmes of the target value of 24 programmes have been introduced).   
At present, the registered commitment is 17 programmes. The commitment of the number of projects is therefore lower than the target value. As long as the Decisions on providing a grant are issued for projects from the 17th call, the target value of the indicator could be fulfilled. Otherwise the achieved target value of the indicator will be lower.

**Output indicators**

**Indicator No 080101 “Number of projects on the support of health – health risk prevention” -**The indicator is currently fulfilled to the level of 76 % (32 projects focused on health risk prevention of the target value of 45 projects have been implemented). In activity 3.2 b), a gradual increase of absorption capacity was seen in health risk prevention and epidemiology, which resulted in a larger number of announced calls under which a larger number of projects with a lower financial volume was submitted. Since the indicator gives the number of implemented projects on health risk prevention and currently the commitment of approved projects is 55 projects (122 %), the target value of the indicator will be slightly exceeded in the future, by approximately 22 %.

**Indicator No 080102 “Projects on the support of health – modernising medical equipment”**

The indicator concerning the number of projects on the support of health has reached a high value   
of around 152 % (76 projects focusing on the modernisation of medical equipment of the target value of 50 projects have already been implemented).

Activity 3.2 a) reports the highest absorption capacity in material replacement or purchase of medical equipment for individual hospitals - specialised centres in the national networks (traumatology, oncology, cardiology, neurology, etc.). With respect to the duration of the programming period and requirements for material fit-out of centres spread into individual years and thus also with respect to the ensurance of quality care, the announcement of calls was adapted to these requirements.

The reason behind the publishing of a larger number of calls was also the necessity to fulfil the value of result indicator No 080721, where the percentage is used as the unit of measurement, expressing the increase in the number of material fit-out of standardised specialised workplaces to 60 % of the standard. Since the indicator expresses the number of implemented projects on modernisation of medical equipment and currently the commitment of approved projects equals 110 projects, the value of the indicator will be substantially exceeded in the future (the indicator will be fulfilled to the level of 220 %).

**Indicator No 080702 “Number of projects focused on the introduction of standards and standard procedures of quality and cost management”**

The target value of the indicator is currently fulfilled to the degree of 80 % (12 projects focusing on introducing the standards and standard procedures of quality and cost management of the target value of 15 projects have already been implemented). Since currently the commitment of 15 approved projects is registered, the target value of the indicator will be fulfilled. As long as the Decision on providing a grant is issued for projects from the 17th call, the target value of the indicator will be exceeded.

**Intervention area 3.3**

In Intervention area 3.3 a), the achieved value of indicator No **74521 “Number of supported employment services institutions”** is2. In the monitored period, the implementation of project   
in activity 3.3 a) “LO CR - Brno - City – Construction of the Building” was completed. The commitment of approved projects as of 3 Oct 2014 represents a total of 12 projects. The MoLSA   
is aware of problems in implementation of some projects that indicate the withdrawal of projects. In the monitored period, the GD LO CR decided that the project called “LO CR - Liberec – construction, purchase, reconstruction of the office building“ will be withdrawn. The project was terminated on the grounds of cancellation of the public contract for selection of the supplier of project documentation and a building contractor because in the course of contract award procedure obstacles arose which caused its discontinuation. Repeated publishing of the public contract and completion of the project before 30 Nov 2015 were considered unrealistic.

In the project called “LO CR Prague – purchase of an office building” the expenditure on the purchase of the building has so far not been certified due to the objections made by the European Commission. The objections concerned specifically the benefit of the purchase of the building in Prague (i.e. in the region ineligible under IOP) for the region under the Convergence objective. The MoLSA IB cooperates with the IOP MA in drafting the responses (for more see point 3 – Specific problems in implementation – Intervention area 3.3).

Unless serious difficulties occur in the course of implementation of other projects, the MoLSA, if all goes well, expects that the target value of the MI will be achieved.

Indicator No **74532 “Number of newly built and supported existing training centres of employment services”** in activity 3.3 b) includes one successfully completed project called “LO CR – Hradec Králové – reconstruction of a training centre“, and the achieved value of this indicator is 1.   
As of 3 Oct 2014, there are 4 projects in the status of commitment of approved projects. Optimally,   
3 training centres of employment services could be built and unless problems occur in project implementation, the achievement of the target value of MI can be foreseen.

In the monitored period, from 1 Apr 2014 to 30 Sep 2014, the value of indicator No **74533** **“Number of newly built and supported existing information and education centres of employment services”** as compared to the previous period remained unchanged. The achieved value of the indicator is 1 and is linked to the successfully completed project in activity 3.3 c) “Building an information and education centre of the South Bohemian Region“. In activity 3.3 c), another project called “Information and education centre of Plzeň Region” is in the status of commitment. Therefore, the target value of the indicator is expected to be achieved unless serious complications occur in the referred to project.

Result indicator No **74514** **“Quality increase in working and client environment of the employment services institutions”** is reported for the programming period and its target value equals the total increase by 18 %. The achieved value of the indicator as of 30 Sep 2014 is 10.56 and the commitment of approved projects equals 22.21. Bearing in mind the state of play of implementation of individual MoLSA projects, the indicator is anticipated to be fulfilled unless serious complications occur that would jeopardize the implementation of projects.

Indicator No **74512 “Increase in the capacity of training centres of employment services”**and indicator No **74513 “Increase in the capacity of consultancy and training centres** will be gradually fulfilled after the completion of project implementation until the end of obligatory project sustainability. Thus, the achieved value as of 3 Oct 2014 is low. In the monitored period, no progress was seen in the fulfilment of indicator No 74512 in activity 3.3 b), in which the value of 0.61% of the increase in the capacity of training centres of employment services achieved in the previous period remains unchanged. The target value of the indicator showing the increase in capacity of training centres of employment services by 20 % will not necessarily be achieved since the achievement of the target value of the indicator, i.e. an increase by 20 %, depends on successful implementation of a large investment project - “LO CR Prague – purchase of the office building”.

An increase was reported in the achieved value of indicator No **74513 “Increase in the capacity   
of consultancy and training centres,** which is linked to activity 3.3 c) – Increase in the capacity   
of consultancy and training centres, currently the achieved value is 0.28 %. Two projects with the target value of the increase in the capacity of consultancy and training centres by 25 % are in the status of commitment as in the previous monitored period. Hence, the MoLSA anticipates that the target value of the indicator will be fulfilled.

**Intervention area 3.4**

No significant progress was achieved in the fulfilment of monitoring indicators. Only the indicator No **260412 “Number of technological equipment for elimination of safety risks or their implications”** reported a considerable overcommitment since it is unclear whether the major project of the Police CR will be approved, which is why a project of similar scope was submitted. This indicator was the only one, in which a progress in fulfilment was made, since the FRS projects from the 13th call were completed.

The completion of implementation of projects fulfilling indicator No **260407 “Number of IRS operational centres with integrated ICT”** was postponed to 2015. After their completion the monitoring indicator will be fulfilled.

In indicator No **260408 “Number of newly built logistics bases”** and No **260404 “Creation of new capacities for effective provision of humanitarian aid to other countries”** the major project of the Fire Rescue Service was approved and after its completion the indicators will be fulfilled.

Indicator No **260410 “Number of modernised or newly built contact points of Front office type connected to IRS network”** has already been fulfilled.

1. **Output indicators**

| **Code** | **Name of the indicator** | **Unit of measure-ment** | **Baseline value** | **Target value** | **Commit-ment of approved projects**  **CONV** | **Value achieved as**  **of 3 Oct 2014** | **As stated in the Decision as of**  **3 Oct 2014** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 330300 | Number of projects focused on social inclusion | Number | 0 | 127 | 121 | 72 | 1 386 667 299 |
| 75713 | Facilities with transformation in progress | Number | 0 | 20 | 21 | 3 | 1 052 800 597 |
| 75714 | Number of supported organisations | Number | 0 | 30 | 29 | 21 | 234 387 829 |
| 75802 | Number of supported entities | Number | 0 | 52 | 45 | 38 | 99 478 873 |
| 80100 | Projects on the support of health – total | Number | 0 | 110 | 180 | 126 | 6 156 608 172 |
| 80102 | Projects on the support of health – modernising medical equipment | Number | 0 | 50 | 110 | 76 | 5 003 563 476 |
| 80101 | Project on the support of health – health risk prevention | Number | 0 | 45 | 55 | 38 | 892 512 740 |
| 80702 | Number of projects focused on the introduction of standards and standard procedures for quality and cost management | Number | 0 | 15 | 15 | 12 | 260 531 955 |
| 74521 | Number of supported employment services institutions | Number | 0 | 12 | 12 | 2 | 653 048 945 |
| 74532 | Number of newly built and supported existing training centres of employment services | Number | 0 | 3 | 4 | 1 | 92 980 752 |
| 74533 | Number of newly built and supported existing information and education centres of employment services | Number | 0 | 2 | 2 | 1 | 34 248 527 |
| 260407 | Number of IRS operations centres with integrated ICT | Number | 0 | 41 | 41 | 1 | 1 847 839 171 |
| 260408 | Number of newly built logistics bases | Number | 0 | 2 | 2 | 1 | 175 123 827 |
| 260410 | Number of modernised or newly built contact points of Front office type connected to IRS network | Number | 0 | 369 | 368 | 368 | 730 615 103 |
| 260412 | Number of technological equipment for elimination of safety risks or their implications | Number | 0 | 3286 | 6885 | 189 | 3 829 945 270 |

***Source: MSC2007 as of 3 Oct 2014, data obtained from IBs on ratio indicators***

1. **Result indicators**

| **Code** | **Name of the indicator** | **Unit of measure-ment** | **Baseline value** | **Target value** | **Commit-ment of approved projects**  **CONV** | **Value achieved as**  **of 3 Oct 2014** | **As stated in the Decision as of**  **3 Oct 2014** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 75711 | Alternative social services | Number | 0 | 77 | 93 | 30 | 1 052 800 597 |
| 75712 | Number of newly established social services and activities | Number | 0 | 142 | 127 | 68 | 234 387 829 |
| 75603 | Efficiency of support | % | 0 | 60 | 69,17 | 70,11 | 99 478 873 |
| 80721 | Increase in the standard (fit-out) of specialised workplaces | % | 0 | 60 | 60 | 69,47 | 5 003 563 476 |
| 80712 | Number of prevention programmes available to citizens | Number | 0 | 45 | 56 | 32 | 892 512 740 |
| 80704 | Number of programmes introducing the standards and standard procedures for quality and cost management | Number | 0 | 24 | 17 | 14 | 260 531 955 |
| 74514 | Quality increase in working and client environment of the employment services institutions | % | 0 | 18 | 22,21 | 10,56 | 653 048 945 |
| 74512 | Increase in the capacity of training centres of employment services | % | 0 | 20 | 23,9 | 0,61 | 92 980 752 |
| 74513 | Increase in the capacity of consultancy and training centres | % | 0 | 25 | 25 | 0,28 | 34 248 527 |
| 260401 | Number of supported IRS units | Number | 0 | 3 | 3 | 0 | 1 847 839 171 |
| 260406 | Decrease in average response time to imminent or existing safety risks | % | 100 | 75 | 0 | N/A | 3 829 945 270 |
| 260404 | Creation of new capacities for effective provision of humanitarian aid to other countries | m2 | 0 | 3 450 | 3 450 | 2500 | 175 123 827 |

***Source: MSC2007 as of 3 Oct 2014, data obtained from IBs on ratio indicators***

In the “Comparison of physical and financial progress” charts the violet bar expresses the commitment of approved projects, i.e. the total target value of the indicator, stated by beneficiaries in their applications for support and expressed in % of the total value set in the IOP Programming Document, the same value is given in the tables of indicators. The blue bar covers the funds of projects for which the Decision on providing a grant is issued, expressed as a percentage of the allocation for activity under which the relevant indicator falls.

1. Comparison of physical and financial progress in Intervention area 3.1

***Source: MSC2007 as of 3 Oct 2014, data obtained from IBs on ratio indicators***

1. Comparison of physical and financial progress in Intervention area 3.2

***Source: MSC2007 as of 3 Oct 2014, data obtained from IBs on ratio indicators***

1. Comparison of physical and financial progress in Intervention area 3.3

***Source: MSC2007 as of 3 Oct 2014, data obtained from IBs on ratio indicators***

1. Comparison of physical and financial progress in Intervention area 3.4

***Source: MSC2007 as of 3 Oct 2014, data obtained from IBs on ratio indicators***

### 3.3.4 Problems and measures taken

**Intervention area 3.1**

***Problem***

**Risk of non-fulfilment of n+2 rule and loss of allocation**

Ranking among the main causes contributing to non-fulfilment of n+2 rule is especially the prolongation of construction works, acquisition of a building permit, delays in conduct of tenders, necessity to cancel tenders and publish new calls for tenders. On account of slow progress in implementation, a loss of financial resources due to the non-fulfilment of n+2 rule is imminent. In the light of the imminent risk of a loss of a part of financial resources, the MoLSA adopted measures to maximise the absorption in 2014.

***Measures taken***

The MoLSA identified and addressed the relevant beneficiaries, requesting a division of projects into stages in order to maximise the absorption in 2014.

The MoLSA called upon the selected aid beneficiaries to cooperate as much as possible in submitting the monitoring reports and applications for payment, planned to be submitted before the end of October 2014. The beneficiaries were requested by a letter to submit the monitoring report with the application for payment within five working days after the completion of implementation of the respective project stage.

Savings made during the project administration (through a withdrawal of projects, a lower price resulting from the tender, or a difference between the submitted and approved application for payment), will be continuously released to projects listed in the List of substitute projects. The MoLSA will assess whether the implementation of a substitute project can be completed until November 2015.

Savings have been quantified which will enable to allocate the unused financial resources to other intervention areas.

In activity 3.1 c), the preparation of a project pipeline was wrapped up and on 6 May 2014 the Selection Committee recommended 17 projects totalling CZK 39 918 546 of eligible expenditure for financing. The projects in the pipeline for 3.1 c) will be approached in dependence on progress achieved in the absorption in 2014 and 2015. In Intervention area 3.1 a), 3 projects from the approved List of projects in the project pipeline in the total volume of CZK 156 674 875 of eligible expenditure are currently under implementation.

The MoLSA assessed the submitted notifications of a change, which trigger the transfer of financial resources from 2014 to 2015. The approval of a transfer of funds is subject to the monthly reporting on adherence to the timetable that allows for continuous evaluation of project implementation and adoption of corrective measures.

***Problem***

**Extension of project implementation, risk of withdrawal of beneficiaries from project implementation**

The reasons behind the lengthy administration of projects are particularly the problems in the building permit procedure and tenders – delays in the conduct of tenders, necessity to cancel the tender and publish a new call for tenders. Protractions of project stages in 2014 pose a major threat to the fulfilment of n+2 rule. There is also a risk of withdrawal of many beneficiaries from project implementation if they cannot postpone the absorption of funds to the following years.

Problems persist in observing the set limits, ineligibility of unapproved extra work and maintaining the levels of indicators in sustainability period***.***

***Measures taken***

The MoLSA communicates intensively with aid beneficiaries with the view to timely resolve issues and prevent critical situations requiring an early termination of project implementation. In Intervention area 3.1 in activity a), monthly reporting of all beneficiaries is carried out, all problems are notified by beneficiaries and, where necessary, addressed through ad hoc consultations. Regular monthly reporting and consultations take place also in selected projects under IA 3.1 b). In case of transfers   
of funds, efforts have been made to offset the failures to absorb through absorption in other projects, projects were divided into stages or the sequence of project activities was changed. Thanks to these measures, in IA 3.1 the applications for payment were successfully submitted for stages ending before 31 Aug 2014 with the volume of funds considerably exceeding the n+2 target of this year.

In the monitored period, consultations were held at CRD branches, the CRD, IOP MA and MoLSA cooperated in simplifying the procedures, the most frequently asked questions (FAQ) were published, seminars were held for applicants and beneficiaries on completing the monitoring reports   
and applications for payment in selected beneficiaries in order to reduce the error rate and the period of administration of monitoring reports and applications for payment. The Prevention project continues to be implemented.

**Intervention area 3.2**

***Problem***

**Non-fulfilment of N+2 rule and a risk of overcommitment of state budget**

Owing to the suspended certification and the quantity of projects requesting the extension   
of implementation until the end of 2014, or 2015, the risk of non-fulfilment of the referred to rule,   
or overcommitment of the state budget increased.

***Measures taken***

The MoH IB exerted maximum efforts to achieve the certification of the largest possible volume   
of expenditure in 2014. The tools applied are the division of projects into stages, repeated provision   
of information to beneficiaries on risks of a failure to accomplish the projects' purpose, repeated invitation to cooperate, the fastest possible assessment and approval of documentation and issuance   
of opinions thereon, cutting short the deadlines of cooperating bodies (lawyers, experts on medical devices). Intensive cooperation takes place with auditors and beneficiaries in the audited projects.

***Problem***

**Suspension of certification in IA 3.2**

The EC suspended the reimbursement of funds in Intervention area 3.2 Public health services. Based on the EC requirements, an independent audit should have been performed that either confirms   
or refutes the doubts arising from facts stated in the EC letter (media coverage, report on corruption in health sector in the EU, problems faced in Regional Operational Programmes).

***Measures taken***

The IB believes that the reasons stated in the EC letter do not concern Intervention area 3.2 of IOP, but the IB flexibly responds to the auditors' requirements. The IB communicates with individual aid beneficiaries who have already received the draft audit reports, and provides consultations, where it is required by beneficiaries (opinions of lawyers, MA, or lessons learnt from other cases).The IB has exerted maximum efforts to relaunch the certification of expenditure as soon as possible.

**Intervention area 3.3**

***Problem***

**Risk of non-fulfilment of n+2 rule and a failure to absorb the allocation**

On account of the up to date development in implementation, problems were indicated in the fulfilment of n+2 rule. Main reasons are especially the delays in timetables of implemented projects, prolongation of construction works, acquisition of a building permit, etc.

***Measures taken***

The MoLSA identified and approached appropriate beneficiaries, requesting them to divide the projects into stages in order to maximise the absorption in 2014. The MoLSA called upon the aid beneficiaries to collaborate to the maximum degree in submitting the monitoring reports together with the applications for payment so that the monitoring reports and applications for payment are submitted within five working days after the stage completion.

In the monitored period, discussions with competent representatives of GD LO CR were held every week with the view to intensify the activity of all stakeholders and to accelerate the administration of all projects implemented under activities 3.3 a) and b). On 29 Aug 2014, the deadline for submission of project applications under call No 4 for activities 3.3 a) and b) was extended until 31 Dec 2014 which will allow for submission of a new project application.

The MoLSA communicates intensively with aid beneficiaries and GD LO Prague and monthly updates the timetable of implementation of projects under activities 3.3 a) and b) with the view to identify the bottlenecks and take all the available steps to speed up the whole process.

The MoLSA assessed the submitted notifications of a change, which trigger the transfer of financial resources from 2014 to 2015. The approval of a transfer of funds is subject to the monthly reporting on adherence to the timetable that allows for continuous evaluation of project implementation and timely adoption of adequate corrective measures.

***Problem***

**Extension of project implementation, risk of withdrawal of beneficiaries from project implementation**

The reasons behind the lengthy administration of projects are especially the problems in the building permit procedure and tenders (delays in conduct of tenders, necessity to cancel tenders and to publish new calls for tenders). Protractions of project stages in August 2014 puts the fulfilment of n+2 rule at   
a considerable risk.

***Measures taken***

The MoLSA communicated with individual aid beneficiaries in order to resolve issues and prevent critical situations requiring an early termination of project implementation. Continuous monitoring   
of individual projects' implementation was performed and in case of extended project implementation steps were put in place to support the absorption of allocation. In case of transfers of funds, efforts were made to offset the failures to absorb through absorption in other projects, projects were divided into stages or the sequence of project activities was changed.

Over a long period of time the MoLSA has been pointing out to beneficiaries the necessity to consult the selection of contractors with the Centre for Regional Development of the CR in order to prevent violation of law and repeated publishing of calls for tenders.

***Problem***

**The risk that the EC will not reimburse the funds** in the amount of CZK 260 358 286 million **for the project called “LO CR Prague – purchase of the office building“.**

At the beginning of 2014, the European Commission made reservations concerning the insufficient benefit brought about by the purchase of the building in Prague for the Convergence region. The EC considers the purchase of the building in Prague to be a support for employers in Prague, not a support for enhancing the quality of employment services in other regions of the CR, and calls into question the purpose of the purchase of General Directorate of the LO CR building. According to the opinion   
of 14 April 2014, the EC does not accept the reimbursement of the full amount of support and proposes to co-finance 17.15 % of eligible expenditure associated with the training centre activities. The MoLSA IB does not find the EC arguments relevant and insists on reimbursement of the full amount.

**Measures taken**

The MoLSA sent a letter to the Deputy Minister of the Ministry of Regional Development of the CR requesting to take steps necessary to complete the certification of expenditure of projects. The MoLSA in its request provides information concerning the ownership structure of the company selling the property concerned and expert opinions on the property purchase. On 23 Sep 2014, a meeting between the IOP MA and MoLSA directors took place. Based on this meeting, the IOP MA requests the presentation of new arguments that will serve to reopen the matter of eligibility of expenditure of the entire project.

**Intervention area 3.4**

**Problem**

Delays in implementation of the umbrella project of the National Information System of the Integrated Rescue System (NIS IRS)and follow-up projects due to the selection of the general contractor of the system (ČP OZ ICT). The implementation of a set of IS IRS projects is at risk.

***Measures taken***

Despite all the efforts, the GD FRS was forced to seek an alternative solution to the implementation   
of NIS IRS project, the general contractor of which is ČP OZ ICT. Details of the solution will be released in the upcoming months of 2014. A delay or a failure to complete the implementation of this project can influence the implementation of all the projects of the 11th call under Intervention area   
3.4 with CZK 2 billion of total eligible expenditure.

**Problem**

Errors in tenders and public procurement procedures and corrections of eligible expenditure, errors in applications for payment, monitoring reports and notifications of a change in projects.

***Measures taken***

* Violation of obligations of the beneficiary, most often late submission of the monitoring report, application for payment, progress report, failure to submit the progress reports, late submission of the notification of a change in projects, - measures: using the Monit Daemon services – internal dispatches to project administrators on the process of project implementation, encouraging beneficiaries to submit the monitoring report and the application for payment, seminars for beneficiaries, consultations, a change in provisions of the Conditions for the Decision on providing a grant.
* Mistakes in submitted documents - measures: seminars for beneficiaries, consultations, Prevention project, publishing of the list of mandatory documents to be submitted.
* Identification of ineligible expenditure - measures: consultations with the CRD branch, publishing of FAQ on the CRD website.

### 3.3.5 Example of a project

**Intervention area:** 3.1 Social integration services, activity c) Investment support for social economy

**Name of the project, registration number:** “Setting up and development of a social co-operative Vysoké II“, registration number CZ.1.06/3.1.02/01.06533

**Beneficiary: Vysoké – production co-operative**

**Project funding:** Total budget in CZK - CZK 4 642 200,- (SF contribution - CZK 3 945 870,-, SB contribution – CZK 696 330,-)

The subject matter of the project was to rebuild the premises of a former cow house and to purchase new plastics processing technologies. Through reconstruction of premises, five production workshops with a wheelchair access, an office for management of the operations and facilities for employees have been created.

Technology makes it possible to produce musical instrument cases, products made by IPur processing technology and vacuum forming, laminate tubes and other laminate products. The production equipment is designed taking into account the environmental protection and to ensure easy of handling so that it can be operated by disabled persons employed by the company.

The company production responds to the demand of domestic and foreign customers from among the EU Member States, Japan, Canada, USA and others. Project implementation was completed on 31 August 2013. The beneficiary set up a new business entity in order to employ disabled persons and ensure their career development. The generated company profit is invested into further business development. The company employs 5 persons from the target group.

****

**Intervention area:** 3.2. Public health services

**Name of the project, registration number:** Enhancing the quality and efficiency of the system of transport of biological material samples in the University Hospital Plzeň, CZ.1.06/3.2.01/09.08274

**Beneficiary:** University Hospital Plzeň

**Project funding:** Total budget in CZK - CZK 13 360 148.73 (SF contribution: CZK 10 736 163.26)

**The University Hospital Plzeň was fitted with a new system of pneumatic tube mail which will connect all the buildings in the hospital premises and speed up the transport of samples into clinical laboratories.**

The main reason for installing the pneumatic tube mail in Lochotín premises was to streamline, make more efficient and automate the activities of medical staff. In Lochotín premises a total of 3,500 to 3,700 samples of biological material are transported daily.

The standardisation of transport by pneumatic tube mail from all outpatient and inpatient departments and operating rooms, emergency and hemodialysis centre or a delivery room will enable to ensure better initial conditions for laboratory examination at its first – preanalytical stage. The pneumatic tube mail system eliminates the risk of confusing the destination of the transported biological material, cuts short the transport time, enables to accurately record the numbers of transported samples and eliminates the errors caused by human factor. The whole pneumatic tube mail system is composed of more than 3.2 kilometers of tubes and 76 stations for sample dispatch. The capsules are transported at the speed of 4-6 m/s, the transport takes minutes only.



**Intervention area:** 3.3 Employment services, activity a) (Investment) support for transformation and fostering of employment services

**Name of the project, registration umber**: LO CR Mimoň – reconstruction of the building, registration number CZ.1.06/3.3.00/04.09254

**Beneficiary:** Labour Office of the Czech Republic

**Project funding:** Total budget in CZK – CZK 6 951 000.00, SF contribution – CZK 5 908 350.00

The need to provide a new building for the Contact Point of the LO CR Mimoň, now located in the leased premises of the Town of Mimoň, arose at the end of 2011, when the Town of Mimoň announced its intention to stop renting the premises from 2014 and use them for its own agendas. It became necessary to arrange for suitable premises in Mimoň and to avoid putting at risk the performance of public administration at the LO CR. The location represents a problem area with a high number of unemployed persons, especially those with no qualification. Due to the growing need of the LO CR for office areas, technical equipment and facilities, the rented premises become insufficient and inadequate.

Under the project, the Contact Point of the Labour Office of the CR in Mimoň will be modernised, services provided to unemployed persons, employers and job seekers will be extended. Project implementation will facilitate to increase the capacity of employment services, to foster the client-centred approach, to increase the convenience, to improve communication and to provide a wheelchair access. The project implementation is planned to be completed on 31 March 2015.



**Intervention area: 3.4 Services in security, risk prevention and management**

**Name of the project, registration number:** Development of radio communication network of PEGAS Integrated Rescue System, CZ.1.06/3.4.00/21.09287

**Beneficiary:** Ministry of Interior of the CR

**Project funding:** Total budget – CZK 354 646 635 (SF contribution - CZK 288 874 021, SB contribution - CZK 65 772 623)

The project aims to extend the capacity and functions of non-public mass radio communication network of PEGAS Integrated Rescue System components. It consists in the purchase of hardware and software which will enable new functions or adds the needed capacity of appropriate quality and reliability. The project implementation will result in increasing the reliability and availability of services provided to individual IRS components in addressing emergencies.

## 3.4 Priority axis 4a, 4b – National support of tourism

### 3.4.1 Focus of priority axes/intervention areas

The aim of Priority axes 4a, 4b is to support the formation of basic environment and conditions necessary for tourism development at the national level. To achieve its effective development it is necessary to manage and coordinate some tourism activities from the national level, which helps create suitable conditions for the development of business, increased competitiveness and employment in the this area.

The priority axis covers the Convergence objective (4a) and the Regional Competitiveness and Employment objective (4b).

Specific goals:

* Increase of the number of entities connected to the reservation (booking) system in tourism sector,
* To improve the quality of services provided in tourism, their uniform certification and standardisation,
* To improve the tourism statistics and information,
* To increase the number of publicity and marketing products of tourism.

Supported activities:

* + establishment of a national information and reservation (booking) system,
  + introduction and information support of national and international standards in tourism

services,

* + support of nationwide marketing and creation of source databases,
  + presentation and promotion of cultural and natural wealth, culture industry and services used for tourism on the national level,
  + support of the promotion of the CR as a tourism destination.

Beneficiaries:

* government agencies and semi-budgetary organisations established by them (activities

a, b, c, e),

* non-governmental non-profit organisations and interest associations of legal persons

with national scope of activities in tourism (activity d).

### 3.4.2 Progress achieved in implementation of priority axes/intervention areas

**In Intervention areas 4.1a and 4.1b,** in the monitored period three new project applications were submitted in the 12th continuous call. The last planned project with the budget of approximately CZK 1 million will be submitted in October of this year. The remaining available allocation was used for publishing of the 25th continuous call, under which 16 project applications were submitted (16 pair projects). Financial requirements of these applications exceed the allocation for the call by roughly 200 %. Currently, the project applications are at various stages of administration, the Decision has so far not been issued for any of them.

A fairly minor progress in absorption as against the previous period is caused especially by postponements in timetables of project implementation, when the completion of stages, or submission of applications for payment, was in some projects postponed to September and the absorption of support will only be seen in the next period. Another factor contributing to a lower rate of absorption is the fact that the set timetables of a part of projects with the largest budget reckon with significant absorption of funds only in 2015.

1. **Cumulative progress at the level of Intervention area 4.1a and 4.1b (in mil. CZK/EUR)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Priority axis** | **Date of the snapshot** | **Total allocation for 2007-2013** | | **Submitted applications** | | | | **Funds covered by the Decision/ Contract (Addendum)** | | | | **Funds paid to beneficiaries (funds that have been accounted for)** | | | **Aggregate payment claims accounted for by the PCA** | | | **Certified funds (including recoveries)** | | |
| **Date** | **mil. CZK** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** |
| **a** | **b** | **c** | **c/a** | **d** | **e** | **e/a** | **f** | **f/a** | **g** | **g/a** | **h** | **h/a** |
| 4.1a | 2014/04/03 | 1 605,89 | 60,57 | 91 | 3 427,39 | 213,43 | 126,99 | 36 | 1 452,99 | 90,48 | 54,97 | 715,57 | 44,56 | 28,10 | 709,40 | 44,17 | 27,88 | 692,65 | 43,13 | 27,26 |
| 2014/10/03 | 1 609,53 | 60,57 | 110 | 3 961,12 | 246,10 | 146,01 | 37 | 1 462,63 | 90,87 | 55,21 | 842,93 | 52,37 | 32,73 | 796,80 | 49,51 | 31,06 | 720,43 | 44,76 | 28,18 |
| Difference | 1 609,53 | 60,57 | 19 | 533,73 | 33,16 | 19,02 | 1 | 9,63 | 0,60 | 0,24 | 127,37 | 7,91 | 4,63 | 87,40 | 5,43 | 3,18 | 27,79 | 1,73 | 0,92 |
| 4.1b | 2014/04/03 | 123,53 | 4,66 | 0 | 263,62 | 212,92 | 9,78 | 0 | 111,76 | 90,47 | 4,23 | 55,04 | 44,56 | 2,16 | 54,57 | 44,17 | 2,14 | 53,28 | 43,13 | 2,10 |
| 2014/10/03 | 123,81 | 4,66 | 0 | 304,87 | 246,24 | 11,23 | 0 | 112,50 | 90,86 | 4,25 | 64,84 | 52,37 | 2,52 | 61,29 | 49,50 | 2,39 | 55,42 | 44,76 | 2,17 |
| Difference | 123,81 | 4,66 | 0 | 41,25 | 33,32 | 1,45 | 0 | 0,74 | 0,60 | 0,02 | 9,80 | 7,91 | 0,36 | 6,72 | 5,43 | 0,24 | 2,14 | 1,73 | 0,07 |

*Source of data: Current MC - MSC 2007 as of 3 Oct 2014*

*Previous MC – MSC2007 as of 3 Apr 2014*

*CZK/EUR exchange rate: Current MC – 27.54*

*Previous MC – 27.423*

*Source of funding: EU share*

**Overview of ongoing calls**

**In Intervention area 4.1,** call No 12 with the allocation of EUR 59.7 million is under way. 30 project applications in the volume of EUR 84.4 million were submitted, 13 projects in the amount of EUR 52.86 million were approved. In the monitored period, call No 25 with the allocation of EUR 5.06 million was opened, under this call 17 project applications in the volume of EUR 15.6 million were submitted as of 30 Sep 2014.

1. **Overview of ongoing calls in the period from 1 Apr 2014 to 30 Sep 2014 in Priority axis 4a and 4b**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Order of the call** | **Num-ber of the call** | **Submission of project applications** | | **Type of the call** | **IA** | **Allocation for the call** | **Submitted applications for support** | | **Projects with issued Decision/signed Contract** | |
|
| **Opening date of the call** | **Closing date of the call** | **in EUR** | **number** | **in EUR** | **number** | **in EUR** |
| 44 | 12 | 7.9.2011 | 31.12.2015 | Continuous | 4.1. | 55 598 605 | 30 | 74 823 249 | 13 | 49 081 228 |
|  |  |  |  |  |  | 4 172 213 |  | 9 581 879 |  | 3 774 788 |
| 73 | 25 | 24.6.2014 | 1.10.2014 | Continuous | 4.1. | 5 057 579 | 17 | 14 576 927 |  |  |
|  |  |  |  |  |  | 389 045 |  | 1 058 033 |  |  |
| CONV total | | | | | | 60 656 184 | 47 | 89 400 176 | 13 | 49 081 228 |
| RCE total | | | | | | 4 561 258 | 0 | 10 639 912 | 0 | 3 774 788 |
| **IOP total** | | | | | | **65 217 441** | **47** | **100 040 088** | **13** | **52 856 016** |

*Source: IS Monit7+ as of 3 Oct 2014*

*Source of funding – public funds total*

*Note: The number of Submitted applications and Projects with issued Decision/signed Contract in multi-objective priority axes is given only in intervention areas related to the Convergence objective. In intervention areas falling under the Regional competitiveness and employment objective, the number is zero.*

### 3.4.3 Fulfilment of indicators

The target values of majority of indicators were originally set at the same level for both the Convergence and Regional competitiveness and employment objective. In the course of programme implementation, a change was made in the measurement of some indicators, namely from the originally set values that were the same for both the objectives to ratio indicators. The values given in this overview are based on the already corrected status.

The commitments of approved projects show the fulfilment of **indicator No 410100 Core 34 “Number of projects focused on tourism development”** to the level of 84 %. In the monitored period, 15 new pair project applications focussing on the development of tourism were submitted and the fulfilment of indicator 410100 Core 34 is anticipated in the upcoming months.

The fulfilment of target values of several indicators depends on the implementation of one (pair) project. It concerns output indicators No 413305 “Number of information portals”, No 413320 “Number of newly classified and certified entities operating in tourism”, and No 413315 “Number   
of introduced standards in tourism services”.

**Indicator No 413305** will be the result of project called “Introducing the national information portal of tourism“, its target value is anticipated to be achieved as of 30 Jun 2015.

**Indicator No 413320** “**Number of newly classified and certified entities operating in tourism”**is the result indicator of project called “National system of quality of tourism services in the Czech Republic”.

The target value of the indicator is to be reported by the beneficiary as at the date of completion   
of project implementation on 30 Dec 2015. The target value of the indicator (2000) is high and this indicator is considered to be the most risky since the achievement of progress in the number   
of certified entities is very slow. This situation is to a certain extent caused by complexity of some contracts concluded in the course of project implementation. At the end of the monitored period, an addendum to the contract with one of the key service supplier was prepared and the certification   
of new entities shall be accelerated and a higher absorption of project funds shall be achieved.

**Indicator No 413315** **Number of introduced standards in tourism services** is also linked to the above mentioned project and the target value was achieved already in 2013.

The target value of **indicator No 410302** **Number of created publicity or marketing products for tourism”** has been exceeded – it reached the level of commitment of 310%. The achieved value of the indicator is directly linked to the number of approved projects in activity d) and e). The originally set value of indicator No 410302 disregarded the fact that activity d) and e) show the highest absorption capacity and the mentioned indicator was chosen by all the applicants.

When the absorption capacity was examined during the preparation of the programme, the potential beneficiaries submitted data which lost their reporting value in the course of programme implementation. The beneficiaries from non-profit sector were supposed to submit fewer projects, but due to the necessity of co-financing they submitted less financially demanding projects with budgets in the order of millions of CZK. Therefore, a higher number of projects of more beneficiaries received support.

The same applies to output indicator No **410303 Number of publicity campaigns promoting tourism products.**

**Indicator No 410304** **Number of marketing and statistical surveys** is reported by all projects supported under activity c) Support for nationwide marketing and creation of source databases. The state of play of project implementation does not indicate the non-fulfilment of the target value of the indicator.

1. **Output indicators**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Code** | **Name of the indicator** | **Unit of measure-ment** | **Baseline value** | **Target value** | **Commit-ment of approved projects** | **Value achieved as**  **of 3 Oct 2014** | **As stated in the Decision as of**  **3 Oct 2014** |
|
| 410100 Core 34 | Number of projects focused on tourism development | Number | 0 | 88 | 74 | 38 | 497 168 625 |
| 413305 | Number of newly introduced information and reservation systems in tourism | Number | 0 | 1 | 1 | 0 | 106 634 519 |
| 413315 | Number of introduced standards in tourism services | Number | 0 | 5 | 5 | 5 | 75 403 382 |
| 410304 | Number of marketing and statistical surveys | Number | 0 | 6 | 12 | 6 | 233 736 968 |
| 410303 | Number of publicity campaigns promoting tourism products | Number | 0 | 32 | 47 | 23 | 81 393 756 |

***Source: MSC2007 as of 3 Oct 2014, data obtained from IBs on ratio indicators***

1. **Result indicators**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Code** | **Name of the indicator** | **Unit of measure-ment** | **Baseline value** | **Target value** | **Commit-ment of approved projects** | **Value achieved as**  **of 3 Oct 2014** | **As stated in the Decision as of**  **3 Oct 2014** |
|
| 413311 | Share of entities operating in tourism in the CR, which will be connected to the reservation system | % | 0 | 50 | 50 | 0 | 106 634 519 |
| 413320 | Number of newly classified and certified entities operating in tourism | Number | 0 | 2000 | 2280 | 643 | 75 403 382 |
| 413321 | Number of created source databases | Number | 0 | 6 | 7 | 1 | 233 736 968 |
| 410302 | Number of created publicity or marketing products for tourism | Number | 0 | 10 | 31 | 18 | 1 077 958 923 |

***Source: MSC2007 as of 3 Oct 2014, data obtained from IBs on ratio indicators***

In the “Comparison of physical and financial progress” charts the violet bar expresses the commitment of approved projects, i.e. the total target value of the indicator, stated by beneficiaries in their applications for support and expressed in % of the total value set in the IOP Programming Document, the same value is given in the tables of indicators. The blue bar covers the funds of projects for which the Decision on providing a grant is issued, expressed as a percentage of the allocation for activity under which the relevant indicator falls.

1. Comparison of physical and financial progress in Intervention area 4.1

***Source: MSC2007 as of 3 Oct 2014, data obtained from IBs on ratio indicator***

### 3.4.4 Problems and measures taken

**Problem**

**Non-fulfilment of n+2 rule**

In this intervention area the IOP MA continues to address the problematic fulfilment of n+2 rule caused by low absorption of funds.

This situation was brought about mainly by non-adherence to the timetables of project implementation (as to the dates and transfers of funds), delays in the conduct of public procurement procedures and tenders, poorly designed project activities and frequent changes in staffing of projects (it concerns especially the project teams of the Czech Tourism Headquarters - CzechTourism).

***Measures taken***

With account taken of progress in implementation, regular meetings take place between two major beneficiaries – the Czech Tourism Headquarters – CzechTourism and the Tourism department of the MRD with IOP MA and CRD representatives, on the occasion of which topical issues of individual projects are discussed. Used as source documents are the control reports from Monit7+ information system, which present the state of play of individual projects, links between the tenders and applications for payment, etc.

With regard to high error rate of submitted applications for payment, or due to a high turnover of staff in project teams of the Czech Tourism Headquarters – CzechTourism, the CRD organised a training in July on the most frequent problems faced in completing and submitting the applications for payment.

The CRD asked beneficiaries for maximum collaboration in submitting the applications for payment (cutting short the periods necessary for submission of applications for payment after the stage completion) and offered consultations on accounting and documenting the individual types of expenditure. In relevant cases the possibility to modify the stages of projects is consulted with beneficiaries.

The IOP MA continues to report the progress made in project implementation to the top officials   
of the Ministry. In 2014, the IOP MA submitted to top officials of the Ministry of Regional Development three pieces of information on the current state of play of the implementation, with focus on the Tourism Department and CzT projects which constitute roughly 85 % of committed funds.

**Problem**

**Low quality of projects**

Another problem is the low quality of submitted projects, particularly insufficient description   
of project activities, no links between the activities and project budget, or unclear aims of the project.

***Measures taken***

The CRD tries to prevent this problem by offering consultations and publishing the most frequently asked questions (FAQ). Beneficiaries can exploit the Prevention project which is implemented by the Ministry of Regional Development of the CR, the National Coordination Authority. The project aims to minimise the major risks of projects, to eliminate errors, to explain the Programme rules, to point   
at the risks faced at the stage of implementation and project sustainability, to propose corrective measures and to assist in their implementation, or to supervise the submitted documents. This service, due to its preventive nature, reduces the risk caused by a violation of conditions for providing a grant.

### 3.4.5 Example of a project

**Intervention area:** 4.1 National support of tourism

**Name of the project, registration number:** Discover the secrets of Czech castles and palaces  
CZ. 1.06/4.1.00/09.07182, CZ. 1.06/4.1.00/09.07181

**Beneficiary:** Zlatý pruh Polabí, o.p.s

**Project funding:** Total budget - CZK 12 843 436,- (SF contribution - CZK 10 371 070,-, SB contribution - CZK 1 830 186,-)

The project zeroes in on creation of a new national product of tourism “Secrets of Czech castles and palaces” which represents a new generation of experience gained at 10 heritage sites. The project is targeted primarily at families with children up to 13 years of age.

The core of the product is the offer of 10 new guided tours. The tour of each site seeks to discover the story of a mysterious figure and the secret he/she protects, namely in the form of a game (performance of tasks). As soon as the visitors, with the assistance of the mysterious figure, solve the crosswords puzzle, they receive one key (a single key at each visited castle and palace). Once the visitors obtain 7 keys, they can open the 13th chamber of the visited castles and palaces, or discover the “super secret“, shared by all the mysterious figures.



## 3.5 Priority axis 5 – National support of territorial development

### 3.5.1 Focus of priority axes/intervention areas

The interventions aim to create the basic environment that will be complemented by interventions from Regional Operational Programmes. The **intervention areas** are:

* 5.1 – National support for utilising the cultural heritage potential
* 5.2 – Improving the environment in problematic housing estates
* 5.3 Modernisation and development of systems for creating territorial policies

Specific goals:

* Improvement of services for owners of the monuments in the field of care of the cultural heritage, more intensive use of cultural heritage in the CR and presentation of culture to the public,
* Enhancing the quality of life and environment for inhabitants of problematic housing estates in large towns over 20 000 inhabitants by means of revitalisation of the environment of these estates and regeneration of residential buildings in the housing estates, including energy savings,
* Enforcing the management of sustainable development of the territory with the use of territorial plans of municipalities and better analytical planning materials to reduce regional disparities.

Beneficiaries:

* Government agencies and semi-budgetary organisations established by them,
* Municipalities and organisations established by them, unions of municipalities,
* Non-governmental non-profit organisations and interest associations of legal persons
* Owners of residential, or non-residential premises,
* Regions.

### 3.5.2 Progress achieved in implementation of priority axes/intervention areas

**In Intervention area 5.1,** 70 project applications were submitted, of which 21 projects in the volume of EUR 198.81 million were approved. The number of submitted applications grew by 19 thanks to projects from the 24th call of MRD, which was under way from 25 April to 30 June 2014.

The beneficiaries were paid a total of EUR 119.87 million (54.61 % of the allocation), which is an increase by EUR 21 million as against the previous period. The certified expenditure accounts for EUR 102.36 million, i.e. 46.14 % of the allocation. In the previous monitored period it reached 42.73 %.

1. **Cumulative progress at the level of Intervention area 5.1 (in mil. CZK/EUR)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Priority axis** | **Date of the snapshot** | **Total allocation for 2007-2013** | | **Submitted applications** | | | | **Funds covered by the Decision/ Contract (Addendum)** | | | | **Funds paid to beneficiaries (funds that have been accounted for)** | | | **Aggregate payment claims accounted for by the PCA** | | | **Certified funds (including recoveries)** | | |
| **Date** | **mil. CZK** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** |
| **a** | **b** | **c** | **c/a** | **d** | **e** | **e/a** | **f** | **f/a** | **g** | **g/a** | **h** | **h/a** |
| 5.1 | 2014/04/03 | 5 680,64 | 213,74 | 51 | 13 420,06 | 236,24 | 495,96 | 20 | 5 378,54 | 94,68 | 202,72 | 2 530,50 | 44,55 | 98,86 | 2 438,89 | 42,93 | 95,52 | 2 427,42 | 42,73 | 95,06 |
| 2014/10/03 | 5 694,70 | 213,74 | 70 | 14 902,98 | 261,70 | 548,10 | 21 | 5 283,68 | 92,78 | 198,81 | 3 109,63 | 54,61 | 119,87 | 3 039,23 | 53,37 | 117,31 | 2 627,63 | 46,14 | 102,36 |
| Difference | 5 694,70 | 213,74 | 19 | 1 482,92 | 26,04 | 52,14 | 1 | -94,87 | -1,67 | -3,91 | 579,13 | 10,17 | 21,01 | 600,34 | 10,54 | 21,79 | 200,22 | 3,52 | 7,29 |

*Source of data: MSC2007 as of 3 Oct 2014*

**The following is applicable to all the tables below:**

*Source: Current MC – MSC2007 as of 3 Oct 2014*

*Previous MC – MSC2007+ as of 3 Apr 2014*

*CZK/EUR exchange rate: Current MC – 27.54*

*Previous MC – 27.423*

*Source of funding – EU share*

**In Intervention area 5.2,** the forecasts of absorption are regularly fulfilled. In this intervention area, a total of 1 384 projects in the volume of EUR   
207.1 million has been approved. The projects with issued Decision equal 96.9 % of the allocation for this intervention area. In the given period, the beneficiaries were paid EUR 12.62 million (6.3 % of the allocation) and the total amount reimbursed is EUR 156.7 million (71.8 % of the allocation).   
The certified expenditure amounts to EUR 144.7 million, i.e. 65.9 % of the allocation for this intervention area.

1. **Cumulative progress at the level of Intervention area 5.2 (in mil. CZK/EUR)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Priority axis** | **Date of the snapshot** | **Total allocation for 2007-2013** | | **Submitted applications** | | | | **Funds covered by the Decision/ Contract (Addendum)** | | | | **Funds paid to beneficiaries (funds that have been accounted for)** | | | **Aggregate payment claims accounted for by the PCA** | | | **Certified funds (including recoveries)** | | |
| **Date** | **mil. CZK** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** |
| **a** | **b** | **c** | **c/a** | **d** | **e** | **e/a** | **f** | **f/a** | **g** | **g/a** | **h** | **h/a** |
| 5.2 | 2014/04/03 | 5 526,89 | 213,38 | 1 436 | 5 795,77 | 104,86 | 223,18 | 1 354 | 4 967,81 | 89,88 | 192,99 | 3 626,47 | 65,61 | 144,08 | 3 536,09 | 63,98 | 140,78 | 3 379,21 | 61,14 | 135,00 |
| 2014/10/03 | 5 535,39 | 213,38 | 1 477 | 6 225,95 | 112,48 | 238,45 | 1 384 | 5 362,37 | 96,87 | 207,10 | 3 974,37 | 71,80 | 156,70 | 3 882,69 | 70,14 | 153,37 | 3 645,91 | 65,87 | 144,72 |
| Difference | 5 535,39 | 213,38 | 41 | 430,19 | 7,77 | 15,27 | 30 | 394,56 | 7,13 | 14,10 | 347,90 | 6,29 | 12,62 | 346,60 | 6,26 | 12,58 | 266,70 | 4,82 | 9,72 |

**In Intervention area 5.3,**  9 projects with the total allocation of EUR 0.05 million were approved in the monitored period. The beneficiaries were paid a total of EUR 15.59 million, with EUR 0.8 million reimbursed in the monitored period. In this intervention area, 94.3 % of the allocation has been certified.

1. **Cumulative progress at the level of Intervention area 5.3 (in mil. CZK/EUR)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Priority axis** | **Date of the snapshot** | **Total allocation for 2007-2013** | | **Submitted applications** | | | | **Funds covered by the Decision/ Contract (Addendum)** | | | | **Funds paid to beneficiaries (funds that have been accounted for)** | | | **Aggregate payment claims accounted for by the PCA** | | | **Certified funds (including recoveries)** | | |
| **Date** | **mil. CZK** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** |
| **a** | **b** | **c** | **c/a** | **d** | **e** | **e/a** | **f** | **f/a** | **g** | **g/a** | **h** | **h/a** |
| 5.3 | 2014/04/03 | 399,81 | 15,53 | 700 | 498,69 | 124,73 | 19,14 | 582 | 402,87 | 100,76 | 15,64 | 379,62 | 94,95 | 14,79 | 377,69 | 94,47 | 14,72 | 370,67 | 92,71 | 14,46 |
| 2014/10/03 | 399,97 | 15,53 | 700 | 498,69 | 124,68 | 19,11 | 591 | 404,61 | 101,16 | 15,70 | 401,73 | 100,44 | 15,59 | 399,79 | 99,96 | 15,52 | 377,36 | 94,35 | 14,70 |
| Difference | 399,97 | 15,53 | 0 | 0,00 | 0,00 | -0,02 | 9 | 1,74 | 0,44 | 0,05 | 22,11 | 5,53 | 0,80 | 22,10 | 5,53 | 0,80 | 6,70 | 1,67 | 0,24 |

1. ****Overview of ongoing calls in PA 5****

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Order of the call** | **Num-ber of the call** | **Submission of project applications** | | **Type of the call** | **IA** | **Allocation for the call** | **Submitted applications for support** | | **Projects with issued Decision/signed Contract** | |
|
| **Opening date of the call** | **Closing date of the call** | **in EUR** | **Number** | **in EUR** | **number** | **in EUR** |
| 16 | 7 | 22.5.2009 | 31.12.2015 | Continuous | 5.2. | 230 086 261 | 1 476 | 256 177 611 | 1 421 | 225 299 588 |
| 72 | 24 | 25.4.2014 | 30.6.2014 | Continuous | 5.1 | 22 549 020 | 19 | 63 348 388 | 1 | 1 131 398 |
| **PA 5 total** | | | | | | **198 107 239** | **1 495** | **319 525 999** | **1 422** | **226 430 986** |

*Source: IS Monit7+ as of 3 Oct 2014*

*Source of funding – public funds total*

**In Priority axis 5,** project applications continued to be submitted under call No 07 for Intervention area 5.2. In April 2014, the 24th call was published for Intervention area 5.1. In these two calls, a total of 1 495 applications for support in the total amount of EUR 319.52 million were submitted. Projects in the value of EUR 226.43 million were approved.

**IUDP implementation**

**Status of IUDP implementation**

The Integrated Urban Development Plans have been implemented in 41 towns. Before 30 Sep 2014, a total of 258 calls were announced in all the towns, of which 207 calls were closed and the remaining 51 calls, mostly continuous, are still under way.

1. **Number of calls for IUDP**

| **Activity 5. 2.** | **Number of calls published before 30 Sep 2014** | | |
| --- | --- | --- | --- |
| **Number of calls total** | **Of which closed calls** | **Of which open calls** |
| a) revitalisation of public spaces | 69 | 30 | 39 |
| b) regeneration of residential buildings | 173 | 163 | 10 |
| c) pilot projects | 11 | 9 | 2 |
| Combined calls for a) + b) | 9 | 8 | 1 |
| Combined calls for a) + b) + c) | 3 | 1 | 2 |
| **Total** | **265** | **211** | **54** |

*Source: IOP MA as of 30 Sep 2014*

1. **Information on the status of absorption of IUDP allocation for Intervention area 5.2**

| **Name of the applicant** | **Approved assistance from IOP**  **(from ERDF)** | **Submitted projects**  **(ERDF)** | **Status of absorption as at the end of 2012** | **Status of absorption as at the end of 2013** | **Status of absorption**  **as of 30 Sep 2014** | **Status of absorption**  **as of 30 Sep 2014** |
| --- | --- | --- | --- | --- | --- | --- |
| **in EUR** | **in EUR** | **(in %)** | **(in %)** | **(in %)** | **in EUR** |
| Bohumín | 3 257 030 | 3 594 005 | 65,60 | 83,96 | 73,93 | 4 048 843 |
| Brno | 4 925 263 | 5 131 980 | 57,29 | 58,12 | 54,39 | 6 697 268 |
| Břeclav | 2 090 289 | 2 128 519 | 54,18 | 54,22 | 87,22 | 3 652 133 |
| České Budějovice | 6 849 922 | 7 953 298 | 64,01 | 64,05 | 82,38 | 8 041 899 |
| Český Těšín | 3 956 535 | 3 937 284 | 76,36 | 78,50 | 91,71 | 5 699 250 |
| Děčín | 2 948 794 | 3 166 185 | 32,04 | 36,70 | 53,75 | 2 702 096 |
| Frýdek-Místek | 6 138 173 | 4 502 490 | 66,06 | 66,11 | 65,10 | 6 157 653 |
| Havířov | 6 909 677 | 6 945 860 | 81,41 | 65,38 | 82,37 | 8 729 093 |
| Hodonín | 3 449 189 | 2 865 272 | 64,18 | 64,22 | 65,85 | 4 600 016 |
| Hradec Králové | 4 410 418 | 5 206 957 | 51,93 | 54,05 | 82,14 | 6 892 226 |
| Cheb | 2 600 750 | 2 766 075 | 26,06 | 33,44 | 60,52 | 2 850 612 |
| Chomutov | 7 341 464 | 6 262 261 | 53,99 | 54,63 | 60,41 | 6 765 021 |
| Chrudim | 3 772 944 | 3 869 018 | 67,36 | 72,18 | 75,14 | 5 352 476 |
| Jablonec nad Nisou | 4 393 360 | 4 512 515 | 51,88 | 57,79 | 59,46 | 3 999 369 |
| Jirkov | 4 561 885 | 3 808 148 | 89,45 | 94,83 | 80,78 | 6 997 097 |
| Karlovy Vary | 4 539 585 | 2 698 376 | 53,80 | 57,08 | 55,13 | 4 187 707 |
| Karviná | 5 750 823 | 5 546 854 | 65,61 | 71,17 | 85,42 | 8 438 790 |
| Kladno | 5 660 028 | 5 829 614 | 72,95 | 73,00 | 90,48 | 8 428 302 |
| Kopřivnice | 3 799 948 | 3 787 035 | 60,80 | 60,84 | 59,26 | 4 190 889 |
| Kroměříž | 3 972 531 | 4 830 630 | 72,96 | 77,38 | 79,10 | 5 696 289 |
| Liberec | 8 057 591 | 5 998 109 | 58,16 | 67,01 | 58,32 | 7 953 113 |
| Litvínov | 4 262 583 | 3 203 819 | 68,98 | 75,10 | 74,36 | 5 950 121 |
| Mladá Boleslav | 6 301 013 | 7 453 594 | 78,07 | 79,61 | 60,50 | 6 906 835 |
| Most | 4 954 049 | 4 526 801 | 56,05 | 58,98 | 62,06 | 5 119 179 |
| Náchod | 3 750 977 | 4 059 181 | 55,78 | 66,09 | 79,01 | 4 790 409 |
| Nový Jičín | 3 507 776 | 4 207 325 | 83,43 | 86,53 | 91,04 | 5 947 690 |
| Olomouc | 6 419 918 | 6 165 009 | 62,53 | 65,81 | 81,58 | 7 955 500 |
| Opava | 6 440 187 | 6 422 197 | 79,11 | 79,75 | 83,86 | 8 271 028 |
| Orlová | 3 197 484 | 2 455 252 | 61,03 | 61,08 | 71,03 | 3 785 616 |
| Ostrava | 5 290 560 | 5 840 932 | 39,00 | 60,71 | 70,21 | 6 293 998 |
| Pardubice | 6 792 570 | 5 463 297 | 56,53 | 61,22 | 65,66 | 7 175 184 |
| Písek | 3 381 371 | 3 410 062 | 44,03 | 45,42 | 61,28 | 3 271 039 |
| Přerov | 3 315 901 | 2 833 474 | 51,04 | 59,91 | 63,17 | 4 237 437 |
| Příbram | 6 385 946 | 5 970 364 | 66,89 | 75,10 | 60,86 | 5 390 204 |
| Strakonice | 5 331 992 | 3 998 732 | 65,64 | 78,56 | 65,92 | 5 664 157 |
| Tábor | 3 948 030 | 5 447 034 | 70,25 | 70,30 | 90,47 | 6 843 556 |
| Třebíč | 3 902 239 | 3 633 743 | 69,45 | 76,04 | 76,86 | 5 434 584 |
| Uherské Hradiště | 3 508 529 | 3 329 023 | 63,36 | 68,94 | 81,00 | 5 088 280 |
| Ústí nad Labem | 2 761 112 | 2 746 235 | 41,93 | 41,96 | 98,85 | 3 537 892 |
| Vsetín | 4 938 967 | 4 263 995 | 55,50 | 69,55 | 63,64 | 5 682 805 |
| Znojmo | 3 065 410 | 2 463 102 | 43,44 | 43,47 | 56,61 | 2 828 055 |
| **Total** | **190 842 813** | **183 233 659** | **61,55** | **65,27** | **71,56** | **232 253 710** |

*Source: IOP MA as of 30 Sep 2014*

### 3.5.3 Fulfilment of indicators

**Intervention area 5.1**

The achieved value of indicator No **410401 “Number of regenerated immovable cultural monuments”** grew from 19 to 26 as against 3 Oct 2013 thanks to 13 premises that have received approval certificate within the network project called Revitalisation of Jewish monuments in the CR and 2 sights of the project called National Horticulture Centre in Kroměříž.

The achieved value of indicator No **410402 “Number of newly built or modernised cultural facilities“** rose from  0 to 1 thanks to the completion of project called Improving the infrastructure for modern cultural services with a higher added value - Glass Art Centre Glassworks František in Sázava.

Value of indicator No **410404 “Number of created methodologies in the cultural heritage area”** remained zero since the methodologies in activity 5.1a) creating and increasing the efficiency of national methodological centres for selected areas of cultural heritage have to be created within one year after the completion of the project. Two relevant projects under this activity will be completed by the end of 2014.

The value of indicator No **410411 “Increase in the number of visitors to monuments and cultural facilities”** increased to 138 % as against the status as of 31 March 2014, when it was 128.9 %.

**Intervention area 5.2**

The indicator No330103 **“Number of projects improving the attractiveness of housing in the territory”** reports an overfulfillment. When the indicators were set in the Programming Document, the IOP MA assumed that individual projects on revitalisation of public spaces will be implemented as a single project in the whole territory of the IUDP. The towns, however, implement individual projects separately, due to which the number of projects is higher than the target value of the indicator. The number of summary projects at the level of IUDP corresponds to the target value of the indicator.

In all the other MIs the development is satisfactory and the target values tend to be exceeded. The reason behind the overfulfilment is a larger number of implemented projects as against the expectations, especially due to savings in projects, when the unused allocation to the project is returned to the total allocation for IUDP and can be used again.

**Intervention area 5.3**

In activity a) the commitment of approved projects has been attained and expenditure of all the projects has already been certified.

The target value of indicator No 330400, linked projects of the Regions, has almost been achieved.   
In line with the anticipated target value of the number of projects creating planning analytical materials for Regions, 10 project applications have been submitted, one project has been rejected during its administration.

When the target value of indicator No 330415 was set, the calculation was based on the anticipated value of indicator No 330401. The area was calculated as the area of 140 smallest municipalities with extended powers, but in the end 170 applications submitted by the municipalities have been supported and the area of territory covered by planning analytical documents fulfilled the indicator No 330415   
to the level of 200 %.

The achieved value of indicators in activity b) as at the cut-off date was exceeded in all the cases. When indicator No 330411 was set, the calculations were made based on the much higher price   
of territorial plans valid at the time of preparation of the Programming Document. The calculations considered the maximum price of CZK 4 million per 1 territorial plan, including the expert opinions, but the average application for support claims CZK 800 thousand, which resulted in exceeding the target value by more than five times.

When the target value of indicator No 330416 was set, the calculations were made based on the anticipated value of indicator No 330411. The area was calculated as the area of 60 smallest municipalities with more than 500 inhabitants which complied with the conditions of the prepared calls for 5.3b). The achieved value of indicator No 330418 exceeds many times the target value, on account of reasons stated in indicators No 330411 and 330416 (output indicators), on which it is based.

1. Output indicators

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Code** | **Name of the indicator** | **Unit of measure-ment** | **Baseline value** | **Target value** | **Commit-ment of approved projects** | **Value achieved as**  **of 3 Oct 2014** | **As stated in the Decision as of**  **3 Oct 2014** |
| 410401 | Number of regenerated immovable cultural monuments | Number | 0 | 70 | 103 | 26 | 0 |
| 410402 | Number of newly built or modernised cultural facilities | Number | 0 | 5 | 4 | 1 | 265 700 296 |
| 330100 Core 39 | Number of projects improving the attractiveness of towns | Number | 0 | 1000 | 1384 | 1 273 | 5 362 367 939 |
| 330103 | Number of projects improving the attractiveness of housing in the territory | Number | 0 | 41 | 195 | 195 | 2 784 598 587 |
| 330101 | Number of projects improving the conditions of rental houses (residential buildings) | Number | 0 | 950 | 1018 | 1 018 | 2 290 787 935 |
| 330102 | Number of pilot projects – support for selected Roma localities | Number | 0 | 7 | 6 | 6 | 286 981 417 |
| 330400 | Number of projects on creating planning analytical materials of Regions | Number | 0 | 10 | 9 | 9 | 137 998 350 |
| 330401 | Number of assisted projects on creating planning analytical materials of municipalities | Number | 0 | 140 | 170 | [170](file:///C:\Users\krczuz\AppData\Local\Microsoft\Windows\Temporary%20Internet%20Files\Content.MSO\F90087B.tmp#List1!_ftn4) | 137 998 350 |
| 330411 | Number of assisted projects on creating new or updating the existing territorial plans | Number | 0 | 60 | 412 | [412](file:///C:\Users\krczuz\AppData\Local\Microsoft\Windows\Temporary%20Internet%20Files\Content.MSO\F90087B.tmp#List1!_ftn5) | 266 610 759 |
| 330415 | Area of municipalities covered by the planning analytical materials of municipalities | km2 | 0 | 34 800 | 63 398,03 | [63 398,03](file:///C:\Users\krczuz\AppData\Local\Microsoft\Windows\Temporary%20Internet%20Files\Content.MSO\F90087B.tmp#List1!_ftn6) | 137 998 350 |
| 330416 | Area of municipalities covered by the new territorial plan | km2 | 0 | 140 | 10 359,41 | 10 359,43 | 266 610 759 |
| 260404 | Creation of new capacities for effective provision of humanitarian aid to other countries | m2 | 0 | 3 450 | 3 450 | 2500 | 175 123 827 |

***Source: MSC2007 as of 3 Oct 2014, data obtained from IBs on ratio indicators***

1. Result indicators

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Code** | **Name of the indicator** | **Unit of measure-ment** | **Baseline value** | **Target value** | **Commit-ment of approved projects** | **Value achieved as**  **of 3 Oct 2014** | **As stated in the Decision as of**  **3 Oct 2014** |
|
| 410404 | Number of created methodologies in the cultural heritage area | Number | 0 | 13 | 13 | 0 | 438 133 079 |
| 410411 | Increase in the number of visitors to monuments and cultural facilities | % | 100 | 161 | 188,15 | 138 | 4 845 541 982 |
| 331200 | Number of renovated apartments | Number | 0 | 24 500 | 56 723 | 52 545 | 2 577 769 352 |
| 331300 | Area of revitalised territory | m2 | 0 | 4 108 000 | 4 844 404 | 3 842 243 | 2 784 598 587 |
| 331500 | Energy savings in rental houses (residential buildings) | % | 0 | 20 | 30,52 | 30,54 | 2 577 769 352 |
| 331000 | Number of created Urban Development Funds | Number | 0 | 1 | 1 | 1 | 518 389 065 |
| 330418 | Increase in the area of development areas, development axes and specific areas covered by new territorial plans | % | 0 | 0,18 | 26,24 | 26,24 | 266 610 759 |
| 330417 | Increase in the area of the CR which will be covered by planning analytical materials of municipalities | % | 0 | 18,5 | 80,3 | 80,3 | 137 998 350 |

***Source: MSC2007 as of 3 Oct 2014, data obtained from IBs on ratio indicators***

In the “Comparison of physical and financial progress” charts the violet bar expresses the commitment of approved projects, i.e. the total target value of the indicator, stated by beneficiaries in their applications for support and expressed in % of the total value set in the IOP Programming Document, the same value is given in the tables of indicators. The blue bar covers the funds of projects for which the Decision on providing a grant is issued, expressed as a percentage of the allocation for activity under which the relevant indicator falls.

1. Comparison of physical and financial progress in Intervention area 5.1

***Source: MSC2007 as of 3 Oct 2014, data obtained from IBs on ratio indicators***

1. Comparison of physical and financial progress in Intervention area 5.2

***Source: MSC2007 as of 3 Oct 2014, data obtained from IBs on ratio indicators***

1. Comparison of physical and financial progress in Intervention area 5.3

***Source: MSC2007 as of 3 Oct 2014, data obtained from IBs on ratio indicators***

### 3.5.4 Problems and measures taken

**Intervention area 5.1**

***Problem***

**Available allocation in IA 5.1**

In March 2014, the IOP MA elaborated the Analysis of full absorption of IOP with the outlook until the end of 2015, which identified the available allocation in IA 5.1 of IOP in the amount of CZK   
350 million.

***Measures taken***

In March 2014, the IOP MA organised the all-national survey of absorption capacity aimed   
at mapping the projects on restoration of national cultural monuments and finding out whether they have the building permit or the selected contractor. Due to a great acclaim expressed especially by towns, the National Heritage Institute, parishes and religious orders, on 25 April 2014 a call was published for activities a) and b) with the deadline for completion of project implementation by the end of 2015. The allocation for the call was increased during its course by CZK 100 million, received from savings from projects of the 1st – 3rd call of the MoC.

**Intervention area 5.2**

***Problem***

**Risk of a failure to absorb the allocation and to complete the implementation of all projects before the end of 2015**

Thanks to the CNB intervention in 2013, the allocation to the intervention area that had to be distributed among the IUDP implementing towns was increased.

***Measures taken***

The IOP MA decided to make an addendum to the Agreement on ensuring the implementation of IUDP for all the towns. It postpones the latest date of project implementation until 30 November 2015.

At the same time, the IOP MA set the timetable stipulating the latest date for submission of project applications, their control and evaluation and for the issuance of the Decision on providing a grant. All the deadlines were set in order to reflect the actual experience with project implementation in the intervention area.

**Intervention area 5.3**

No problems occurred in the implementation of this intervention area. Due to the intervention   
of the Czech National Bank and withdrawal of some beneficiaries from project implementation, the allocation was increased and the IOP MA offers the available funds to substitute projects. Implementation of all the projects was completed in the monitored period.

### 3.5.5 Example of a project

**Intervention area:** 5.1 National support for utilising the cultural heritage potential

**Name of the project, registration number:**  **National Horticulture Centre in Kroměříž, CZ.1.06/5.1.00/01.06138**

**Beneficiary:**  National Heritage Institute

**Project funding:** Total budget - CZK 336 467 204 (SF contribution - CZK 285 997 123, SB contribution - CZK 50 470 081)

Restoration of the Flower and Castle Gardens in Kroměříž – UNESCO sites – will create facilities   
for the development of nationally recognised methodologies for restoration of historical gardens and parks. The project will provide the site with new methodological, professional and educational content. The Czech Republic has so far lacked a centre that would consistently work on development of methodologies for restoration of historical gardens and parks. Neither there was an institution that would consistently perform activities dedicated to outreach, presentation and education in the field   
of horticulture. Project outputs will be intended for both the laymen and professional public   
in horticulture.

The project is composed of the following interlinked activities:

1) methodological activities – development of methodologies, consultancy services for owners and caretakers of historical gardens,

2) expert activities – studying and presenting the collections (research room, research library, etc.),

3) educational activities – education and presentation of methodology-related knowledge.



**Intervention area:** 5.2 Improving the environment in problematic housing estates

**Name of the project, registration number: Renovation of children's playgrounds, CZ.1.06/5.2.00/07.06972**

**Beneficiary:**  Town of Hodonín

**Project funding –** total budget - CZK 3 467 988,- (SF contribution – CZK 2 947 789,-, SB contribution – CZK 520 199,-)

The project addressed the unsatisfactory conditions of children' playgrounds in the IUDP Hodonín. The children' playgrounds showed major surface deformation, cracks and poor technical facilities. The obsolete components in terms of technology and safety have been brought up to standard thanks to the renovation within the project.



**Intervention area:** 5.3 Modernisation and development of systems for territorial policy development

**Name of the project, registration number:**  **Territorial plan of Hořovice, CZ.1.06/5.3.00/17.08616**

**Beneficiary:**  Town of Hořovice

**Project funding:** Total budget in CZK: 524 400,- (SF contribution – CZK 377 400,-, SB contribution – CZK 66 600,-)

The project was intended for the municipality with extended powers of Hořovice, with the output being a newly developed territorial plan.

The aim of the project was to provide for services of a designer consultant who would elaborate a draft territorial plan for public consultation. As a part of the project, the assessment was made of impacts of the territorial plan on sustainable development of the territory, the strategic environmental assessment (SEA) was conducted, and a territorial plan was drafted for joint discussion and public consultation.

## 3.6 Priority axis 6a, 6b – Technical assistance

### 3.6.1 Focus of priority axes/intervention areas

The priority axes comprise activities which are inseparable as to their geographical scope and which have an impact on the whole territory of the CR. Their content is therefore identical, regardless their classification by objective. Priority axes 6a and 6b focus on the support of effective management of the Integrated Operational Programme throughout the programming period 2007 – 2013.

The Priority axis covers the Convergence objective (6a) and the Regional Competitiveness and Employment objective (6b).

Specific goals:

* Reinforcing administrative capacities involved in programme implementation at the level of the Managing Authority and Intermediate Bodies,
* Ensuring effective management, monitoring, evaluation, controls and absorption capacity in implementing the operational programme at the level of the Managing Authority and Intermediate Bodies.

Beneficiaries:

* Managing Authority,
* Intermediate Bodies.

### 3.6.2 Progress achieved in implementation of priority axes/intervention areas

**In Intervention areas 6.1a and 6.1b,** no new applications were submitted in the monitored period.As of 30 Sep 2014, a total of 48 project applications in the volume of EUR 40.39 million were submitted, which equals 152 % of the allocation. In the monitored period, the funds paid to beneficiaries equalled EUR 2.43 million. The certified expenditure amounts to EUR 17.07 million, which equals 61 % of the allocation.

1. **Cumulative progress at the level of Intervention area 6.1a and 6.1b (in mil. CZK/EUR)** [[9]](#footnote-9)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Priority axis** | **Date of the snapshot** | **Total allocation for 2007-2013[[10]](#footnote-10)** | | **Submitted applications** | | | | **Funds covered by the Decision/ Contract (Addendum)** | | | | **Funds paid to beneficiaries (funds that have been accounted for)** | | | **Aggregate payment claims accounted for by the PCA** | | | **Certified funds (including recoveries)** | | |
| **Date** | **mil. CZK** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** |
| **a** | **b** | **c** | **c/a** | **D** | **e** | **e/a** | **F** | **f/a** | **g** | **g/a** | **h** | **h/a** |
| 6.1a | 2014/04/03 | 706,13 | 27,18 | 48 | 1 070,90 | 151,66 | 40,48 | 44 | 752,76 | 106,60 | 28,88 | 459,00 | 65,00 | 18,17 | 447,06 | 63,31 | 17,73 | 418,63 | 59,28 | 16,58 |
| 2014/10/03 | 707,07 | 27,18 | 48 | 1 070,90 | 151,46 | 40,39 | 46 | 756,13 | 106,94 | 28,96 | 525,71 | 74,35 | 20,59 | 500,91 | 70,84 | 19,69 | 432,21 | 61,13 | 17,07 |
| Difference | 707,07 | 27,18 | 0 | 0,00 | 0,00 | -0,09 | 2 | 3,37 | 0,48 | 0,08 | 66,71 | 9,44 | 2,43 | 53,85 | 7,62 | 1,96 | 13,59 | 1,92 | 0,50 |
| 6.1b | 2014/04/03 | 12,98 | 0,50 | 0 | 19,69 | 151,67 | 0,74 | 0 | 13,84 | 106,61 | 0,53 | 8,44 | 65,03 | 0,33 | 8,22 | 63,34 | 0,33 | 7,70 | 59,31 | 0,30 |
| 2014/10/03 | 13,00 | 0,50 | 0 | 19,69 | 151,47 | 0,74 | 0 | 13,90 | 106,95 | 0,53 | 9,67 | 74,38 | 0,38 | 9,21 | 70,87 | 0,36 | 7,95 | 61,15 | 0,31 |
| Difference | 13,00 | 0,50 | 0 | 0,00 | 0,00 | 0,00 | 0 | 0,06 | 0,48 | 0,00 | 1,23 | 9,44 | 0,04 | 0,99 | 7,62 | 0,04 | 0,25 | 1,92 | 0,01 |

*Source: Current MC – MSC2007 as of 3 Oct 2014*

*Previous MC – MSC2007+ as of 3 Apr 2014*

*CZK/EUR exchange rate: Current MC – 27.54*

*Previous MC – 27.423*

*Source of funding - EU share*

**In Intervention area 6.2a and 6.2b,** 2 new applications in the amount of EUR 0.2 million were submitted in the monitored period. As of 30 Sep 2014, altogether 75 project applications in the amount of EUR 12.88 million were submitted, which represents 190.7 % of the allocation. In the monitored period, funds amounting to EUR 0.18 million were paid to beneficiaries. The certified expenditure has reached the amount of EUR 3.6 million, which represents 49.6 % of the allocation.

1. **Cumulative progress at the level of Intervention area 6.2a and 6.2b (in mil. CZK/EUR)** 8

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Priority axis** | **Date of snapshot** | **Total allocation for 2007-2013** | | **Submitted applications** | | | | **Funds covered by the Decision/ Contract (Addendum)** | | | | **Funds paid to beneficiaries (funds that have been accounted for)** | | | **Aggregate payment claims accounted for by the PCA** | | | **Certified funds (including recoveries)** | | |
| **Date** | **mil. CZK** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** |
| **a** | **b** | **c** | **c/a** | **D** | **e** | **e/a** | **F** | **f/a** | **g** | **g/a** | **h** | **h/a** |
| 6.2a | 2014/04/03 | 181,13 | 6,90 | 73 | 339,71 | 187,55 | 12,68 | 64 | 178,99 | 98,82 | 6,82 | 90,54 | 49,99 | 3,59 | 90,54 | 49,99 | 3,59 | 87,09 | 48,08 | 3,46 |
| 2014/10/03 | 181,52 | 6,90 | 75 | 346,20 | 190,73 | 12,88 | 68 | 185,79 | 102,36 | 7,05 | 93,59 | 51,56 | 3,70 | 91,85 | 50,60 | 3,64 | 90,00 | 49,58 | 3,57 |
| Difference | 181,52 | 6,90 | 2 | 6,49 | 3,57 | 0,20 | 4 | 6,80 | 3,75 | 0,23 | 3,05 | 1,68 | 0,11 | 1,31 | 0,72 | 0,05 | 2,92 | 1,61 | 0,11 |
| 6.2b | 2014/04/03 | 3,33 | 0,13 | 0 | 6,25 | 187,52 | 0,23 | 0 | 3,29 | 98,80 | 0,13 | 1,67 | 50,00 | 0,07 | 1,67 | 50,00 | 0,07 | 1,60 | 48,09 | 0,06 |
| 2014/10/03 | 3,34 | 0,13 | 0 | 6,36 | 190,70 | 0,24 | 0 | 3,42 | 102,34 | 0,13 | 1,72 | 51,58 | 0,07 | 1,69 | 50,61 | 0,07 | 1,66 | 49,60 | 0,07 |
| Difference | 3,34 | 0,13 | 0 | 0,12 | 3,57 | 0,00 | 0 | 0,13 | 3,75 | 0,00 | 0,06 | 1,68 | 0,00 | 0,02 | 0,72 | 0,00 | 0,05 | 1,61 | 0,00 |

*Source: Current MC – MSC2007 as of 3 Oct 2014*

*Previous MC – MSC2007+ as of 3 Apr 2014*

*CZK/EUR exchange rate: Current MC – 27.54*

*Previous MC – 27.423*

*Source of funding - EU share*

**Overview of ongoing calls**

**In Intervention area 6.1,** applications continued to be submitted under the 1st continuous call with the allocation of EUR 29.7 million. Under this call, 48 project applications in the volume of EUR   
48.4 million were submitted. 48 projects totalling EUR 44.8 million were approved.

**In Intervention area 6.2,** call No 10 with the allocation of EUR 11.7 million was still under way.   
71 projects in the amount of EUR 6.1 million were submitted. 49 project applications in the amount   
of EUR 4.8 million were approved.

1. Overview of **ongoing calls in the period from 1 Apr 2014 to 30 Sep 2014 in** Priority axis 6

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Order of the call** | **Num-ber of the call** | **Submission of project applications** | | **Type of the call** | **IA** | **Allocation for the call** | **Submitted applications for support** | | **Projects with issued Decision/signed Contract** | |
|
| **Opening date of the call** | **Closing date of the call** | **in EUR** | **number** | **in EUR** | **number** | **in EUR** |
| 5 | 1 | 5.6.2008 | 30.9.2015 | Continuous | 6.1. | 29 094 381 | 48 | 47 516 125 | 48 | 43 997 267 |
|  |  |  |  |  |  | 534 954 |  | 873 571 |  | 808 879 |
|  |  |  |  | Call total | | 29 629 335 | 48 | 48 389 696 | 48 | 44 806 146 |
| 37 | 10 | 27.9.2010 | 30.9.2015 | Continuous | 6.2. | 11 458 354 | 51 | 6 007 793 | 49 | 4 749 387 |
|  |  |  |  |  |  | 210 683 |  | 110 451 |  | 87 316 |
|  |  |  |  | Call total | | 11 669 037 | 71 | 6 118 244 | 49 | 4 836 702 |
| **PA 6 total** | | | | | | **41 298 372** | **119** | **54 507 940** | **97** | **49 642 848** |

*Source: IS Monit7+ as of 3 Oct 2014*

*Source of funding – public funds total*

### 

### 3.6.3 Fulfilment of indicators

The achieved value as of 30 Sep 2014 and the commitments of approved projects in Intervention areas 6.1 and 6.2 correspond to the rate of absorption of IOP TA funds. They cannot be compared against the target values that were set out based on the original methodology of IOP TA indicators. The commitments of approved projects in IOP TA were set in line with the revised methodological sheets of indicators of 2009.

1. **Output indicators**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Code** | **Name of indicator** | **Unit of measurement** | **Baseline value** | **Target value** | **Commitment of beneficiary** | **Achieved values as of 3 Oct 2014** |
| 480500 | Number of elaborated studies and reports (incl. evaluation ones) | Number | 0,00 | 14,00 | 1 219,00 | 1 159,00 |
| 480700 | Number of developed methodological and technical and information materials | Number | 0,00 | 84,00 | 322,00 | 287,00 |
| 480800 | Implemented cooperation with mass media and communication with the general public | Number | 0,00 | 30,00 | 162,00 | 150,00 |
| 480900 | Number of organised information and publicity activities | Number | 0,00 | 32,00 | 192,00 | 157,00 |
| 481100 | Number of held training courses, seminars, workshops, conferences and other similar activities | Number | 0,00 | 70,00 | 436,00 | 400,00 |
| 481600 | Number of persons who attended the educational courses in the framework of technical assistance | Number | 0,00 | 1 400,00 | 9 534,00 | 8 290,00 |
| 483100 | Number of full-time employees of the implementation structure | Number | 0,00 | 90,00 | 667,76 | 654,51 |

***Source: MSC2007 as of 3 Oct 2014, data obtained from IBs on ratio indicators***

1. **Result indicators**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Code** | **Name of indicator** | **Unit of measurement** | **Baseline value** | **Target value** | **Commitment of beneficiary** | **Achieved values as of 3 Oct 2014** |
| 481900 | Number of trained persons – total | Number | 0,00 | 1 100,00 | 5 452,00 | 4 449,00 |
| 480300 | Number of meetings of (monitoring, advisory and management) committees | Number | 0,00 | 14,00 | 17,00 | 16,00 |
| 482500 | Number of performed controls | Number | 0,00 | 1 350,00 | 7 844,00 | 7 461,00 |

***Source: MSC2007 as of 3 Oct 2014, data obtained from IBs on ratio indicators***

### 3.6.4 Problems and measures taken

***Problem***

**Financing of the administrative capacities until the end of the programming period**

The main issue addressed by the IOP MA in the monitored period was the need to decide well ahead on financing of the administrative capacities until the end of 2015, to ensure the administrative capacities for monitoring the sustainability of projects from 2016 on, and to ensure the administrative capacities for successful closure of IOP. Pursuant to Government Resolution No 144/2014, the IOP MA forwarded the analysis of administrative capacities to the NCA, for more details see Chapter   
2.4 Main problems encountered in programme implementation and measures taken to overcome them.

***Measures taken***

In order to ensure the financing of expenditure, the IOP MA made a change in MRD calls No 2 and 10, under which the eligibility of expenditure was extended until 31 Dec 2015 and the implementation of projects until 30 Nov 2015.

Concurrently, as of 22 August 2014, the Handbook for Applicants and Beneficiaries, incorporating the Methodological Guideline on human resources development in the programming period 2014-2020 and in the programming period 2007-2013, approved by the Government Resolution No 444/2014 (hereinafter referred to as the “MG”) was revised.

The MG aims to stipulate uniform minimum requirements for ensuring quality administrative capacity. It sets the rules for ensuring quality, stable and competent administrative capacity at closure of the 2007-2013 programming period. The MG contains processes of the management and human resources development system from HR planning, through recruitment, selection and adaptation   
of employees, management and evaluation of employees, to the system of education and dismissal   
of staff.

***Problem***

Large quantities of public contracts common for several projects, problems of beneficiaries to document mostly the labour costs, assigning the expenditure to the matching public contract or project.

***Measures taken***

Consultations at the CRD CR branch which administers the IOP TA projects.

In cooperation with the IOP MA and based on lessons learned, an update of requirements for documenting the eligible expenditure was made with the view to simplify the documenting.

# 4 ADMINISTRATION OF THE PROGRAMME

## 4.1 Information on the Conduct and Results of Audits and Financial Controls

**Audits of the European Commission**

***System audit of the European Commission No 2012/CZ/REGIO/J4/1173/1***

The audit mission of the European Commission took place in the period from 8 to 12 Apr 2013 at the Audit Authority of the MoF CR, the Paying and Certifying Authority, the National Coordination Authority of NSRF and at selected operational programmes. With respect to the IOP, the audit was carried out at the IOP MA and selected Intermediate Bodies (i.e. at the MoH CR, CRD CR and MoI CR). The audit focused on effectiveness of functioning of management and control systems. The findings of auditors stated in the draft report claimed that the methodology for addressing irregularities (in line with the applicable Methodology of Financial Flows and Control) had not fully complied with the IOP OM /IB OM and also that the IOP had lacked the methodology of control   
of eligibility of expenditure. In July 2014, the final version of the audit report was elaborated.

***Audit of the European Commission No 2013/CZ/REGIO/C4/1309/1***

In the period from 18 to 22 November 2013, the audit of the European Commission was carried out at the Paying and Certifying Authority, focusing especially on verification of processes at the level of PCA and concerned also activities of the IOP MA. The IOP MA provided the auditors with requested information, information on irregularities and the Annual statement of amounts as defined in Article 20 (2) of the Implementing Regulation. Based on the available information, as of 30 Sep 2014 the audit was not completed.

***Audit of the European Commission No 2013/CZ/REGIO/C4/1332/1***

In April 2014, the audit of the European Commission was commenced at the Audit Authority of the MoF CR and at beneficiaries of eight selected IOP projects. The audit mission consisted in a re-audit of projects that been audited by the AA already within the audit of operations in 2013. On 5 Aug 2014, a draft audit report was released in the Czech language. The IOP MA in cooperation with beneficiaries and the AA expressed its opinion on five findings included in the draft report, namely through explanatory objections. As of 30 Sep 2014, the audit was not completed.

***Audit of the European Commission No 2014/CZ/REGIO/C4/1349/1***

In April 2014, the European Commission commenced the audit of the public procurement on broadcasting services. In IOP, the audit concerned projects in Intervention area 4.1 of the Czech Tourism Headquarters beneficiary and the project in Intervention area 1.1 of the MoI CR beneficiary. On 15 Sep 2014, the IOP MA received the draft report in the Czech language. The IOP MA believes that the draft report does not identify any findings or quantified any ineligible expenditure related to the IOP. As of 30 Sep 2014, the audit was not completed.

**Audits of the Audit Authority No IOP/2013/S**

***Audit of the IOP system of implementation***

The audit of the IOP system of implementation was commenced in September 2013 at the IOP MA and IOP Intermediate Bodies.

In the final audit report, the auditors identified one finding of medium materiality at the audited MoH IB, consisting in errors in the award of public contracts. In audits of Intervention area 3.2, 9 above-the-threshold public contracts with expenditure certified mostly in 2011 were audited.   
In five public contracts deficiencies were identified, of which two with no financial corrections and three with financial corrections (25 % and 2 % of the contract value, respectively). In the light   
of measures adopted by the MoH IB in 2011 (Order of the Minister No 5/2011 and update of the Operational Manual of the MoH as the IB for the Global Grant), the auditors did not articulate any recommendation, but pointed at the risk of error rate in the award of public contracts.

At the MoLSA IB, the auditors according to the audit report identified findings of low materiality, which concern the division of individual stages of administration between two bodies – MoLSA and CRD. The audit team concluded that additional measures would not help achieve any considerable improvement in the process of administration and recommended that in the next programming period the whole process is carried out by a single fully responsible body.

In the final audit report with respect to the audited CRD IB, the auditors detected one finding   
of medium materiality, consisting in errors made in the award of public contracts. During the audits of operations in 2013, the Audit Authority examined the regularity of procedures taken by contracting authorities in 74 public contracts, in 26 cases the auditors identified deficiencies, consisting in non-compliance of the procedure pursued by the contracting authority with the relevant provisions of Act No 137/2006 Coll., on Public Contracts, or with the Binding procedures for the award of public contracts. In 7 cases the financial correction was imposed and in 19 cases the deficiencies did not impact the eligibility of expenditure.

At the MoC CR IB, the auditors identified four findings (two of high materiality, one of medium materiality and one of low materiality). Having made these findings, the auditors in their report stated that transfer of Intervention area 5.1 from the MoC CR to the MRD had been a suitable measure to remedy the unsatisfactory status of implementation of this intervention area. The findings of high materiality consist in insufficient conduct of verifications pursuant to Article 13 of Commission Regulation (EC) No 1828/2006 and in insufficient assessment of risks in projects. Moreover, the auditors concluded that delays in reimbursing the applications for payment had been caused by deficiencies at the MoC CR IB, where the IB misinterpreted the amendment to Act No 218/2000 Coll., on Budgetary Rules.

In the final audit report with respect to the audited MoI IB, the auditors detected three findings   
of medium materiality. The first one consists in non-compliance with deadlines for issuance of the legal act, set in the Manual of Internal Procedures. Delay was not caused by behaviour of the grant provider, but by inactivity of the beneficiary. The auditors recommend that the MoI IB in case   
of inactivity of the beneficiary sets the validity of this legal act for 3 months, i.e. for the period set for the issuance of guidance documents in line with the IOP Operational Manual, or the Manual of Internal Procedures of the MoI IB. The other finding of auditors consists in errors made in the award of public contracts since during the audit of operations in 2013 the auditors identified deficiencies in the public contract that the MoI CR had failed to detect. In total, 27 public contracts were examined by the audit of operations of the AA, in 7 of them the auditors identified deficiencies with financial impact. Another finding concerned the fact that the data in information systems do not comply with project documentation. According to the MA, the referred to error was caused by erroneous conversion of data in the system.

The final report of the system audit conducted at the IOP MA was not handed over to the Managing Authority by the AA as of 30 Sep 2014.

***Follow-up system audit No IT/2014/S/01-18***

On 4 Feb 2014, the Audit Authority of the MoF CR commenced at the MRD a follow-up system audit – verification of the accomplishment of corrective measures ensuing from the horizontal audit of IT No 451/10/SYS (16/2010/AO) “Audit of the monitoring system of the SF and CF for the programming period 2007 – 2013“. The final report of the system audit was sent by the MoF CR AA to the MRD on 28 Aug 2014. It comprised two findings of medium materiality and one finding of low materiality. Based on the audit results, the auditors recommended to the IOP MA:

* To introduce formalized procedures for accurate distribution of requirements for the development of the system (Monit7+ and Benefit7), namely based on their potential influence on its operation.
* To introduce single methodology for testing and adopting the implemented changes and to introduce single methodology for the scope of testing.
* To modify the Security policy of the Rules for IT, the audits recommended to impose restrictions on prohibited communication protocols for communication in LAN internal network at the level of servers, and to regularly revise the security setting which will be the responsibility of the security manager.

The IOP MA accepted the recommendations of the MoF CR AA. In cooperation with the Monitoring System Administration Department and in line with the first recommendation, the procedure for distribution of requirements for system development was set. In the second recommendation, an extension of the MITIS user manual by the area of test scenarios is planned. Regarding the third recommendation, in cooperation with Autonomous Unit of Security and Crisis Management and IT Department the MRD Security Strategy will be updated. The corrective measures are to be accomplished as of 31 Dec 2014.

***Extraordinary audit of the IOP implementation system No AO/2014/SM/05***

In July 2014, the horizontal audit of health sector was commenced at the MRD CR and at selected beneficiaries of projects from Intervention area 3.2. At IOP MA, the audit was conducted at the end of September and as of 30 Sep 2014 it was not completed. For more information on this audit see Chapter 2.4.2 **Horizontal audit in health sector.**

***Audit of irregularities conducted by the Audit Authority***

In September 2014, the Audit Authority staff carried out an audit of irregularities at the IOP MA, namely under the upcoming audit of the system of IOP OP. As of 30 Sep 2014, the IOP MA did not receive the results of this audit.

***Audits of operations 2014***

In 2014, 67 projects with certified expenditure in the amount of about CZK 5.397 billion were selected into the sample of audits of operations. Subject to the audits are projects from all intervention areas of IOP. In the course of September 2014, the IOP MA received draft reports of some of the audits of operations.

**Audits conducted by the Supreme Audit Office**

***Audit No 13/24 NKÚ “Funds spent on the project National infrastructure for electronic public procurement (NIPEZ) and purchase of selected commodities through e-market place“***

Audit No 13/24 was commenced in June 2013 and concerned project No CZ.1.06/1.1.00/07.06384, whose beneficiary is the MRD. The SAO Board adopted the audit conclusions on 31 March 2014. The SAO found out the following facts in respect of the NIPEZ project:

* Output monitoring indicator “15.01.12 Share of digitised documents“ with the target value of 10 % has minimum reporting value in respect of efficiency and effectiveness of funds spent on NIPEZ project and is not linked to the main objective of this project, i.e. the achievement of savings. Neither the setting of the value, nor the calculation of the indicator was included in any of the documents of NIPEZ project. In response to SAO enquiries, the MRD replied that the “share of digitisation” would equal the share of computerisation of public contracts.
* The reported value of 0 % “share of digitised documents” contravened the fact that the monitoring reports did not reflect the actual fulfilment of the monitored indicator.
* Split of the public contract during the model preparation of e-market places into two small-scale public contracts, expert consultation support and concession procedure. This procedure, which did not comply with the Public Procurement Act, was considered by SAO as a breach of budgetary discipline. Bearing in mind the fact above, the IOP MA registered an irregularity in the amount of CZK 1 445 000 in this project. According to the MoI IB, the small-scale public contract awarded through a direct invitation to tender has not been entered in IS Monit7+ and it is likely that it was financed from the state budget, therefore it was impossible for the IOP control bodies to detect the split of the contract.

***Audit No 13/32 NKÚ “Funds earmarked for tourism development“***

The SAO audit No 13/32 was commenced at the MRD CR on 17 Sep 2013. The audit conclusion was adopted by the SAO Board on 30 Jun 2014. The subject of the audit was apart from other things also the activities of MRD CR as the IOP Managing Authority in respect of tourism and the activities of MRD CR as the IOP beneficiary. The audited period covered the years 2007 – 2013, and in case of factual context, also the connected periods. The SAO states the following findings:

* The projects called Strengthening the position of the Czech Republic and its competitiveness in tourism, Rebranding and marketing support of incoming tourism and The Czech Republic tastes great, implemented by the CzechTourism, were poorly prepared. According to the SAO audit conclusion, the CzechTourism in the course of project implementation made changes in activities of projects, structure of their budgets, public procurement procedures, target values of indicators, and deadlines for completion of implementation. According to the MRD opinion on the SAO audit conclusion, the projects implemented by the CzechTourism are multiannual, of non-investment nature and the fact shall be taken into account that the external environment is subject to development and therefore the projects focused on marketing cannot be as rigid as the investment projects.
* The CzechTourism failed to set appropriate indicators to assess the goals of tourism development, growth of competitiveness and employment, and the projects were assessed as to the number of campaigns and marketing products. According to the MRD opinion, the SAO misinterpreted the context in which the project indicators are set. The indicators are determined by the IOP Programming Document and the beneficiaries work with a fixed list of indicators and set the values (quantity), not the indicators themselves. It is a challenge to set a clear metrics of success rate of campaigns on support of tourism since multiple factors enter the process that cannot be influenced (current political situation, weather swings, etc.).
* Implementation of the project called Introducing the national information portal of tourism is delayed which can threaten the implementation of this project.
* According to the SAO, the MRD in the preparation and implementation of project called National system of quality of tourism services in the Czech Republic, namely in the part of spent funds failed to ensure adequate efficiency or economy, and the risk of the MRD not being able to ensure the source of financing for future development and innovation of the system cannot be ruled out. The MRD in its opinion on the SAO audit conclusion stated that the general way of addressing the sustainability of the system of quality was included in the project application and reckons with the financing from the state budget and revenues of the process of certification. An integral part of addressing the sustainability of the system of quality is also the planned entry of the established system in the Czech Quality programme which is in line with the National Quality Policy guaranteed by the CR Government. Also, cooperation is pursued with other trade organisations which want to maintain the system and continue to work with it.
* According to the SAO, the MRD also paid expenditure to an external company for legal consultancy for the purpose of elaboration of tender documentation and evaluation of tenderers, even though it provides methodological guidance for the public procurement process and is involved in the preparation of relevant legislation. Thus, the MRD spent inefficiently CZK 230 thousand. In this respect, the IOP MA registered an irregularity in the project. The MRD in its opinion on SAO audit conclusion states that outsourced was not legal consultancy, but specific advisory services concerning the public contract on IT services – “Creation of website of the Czech system of quality of services, including communication interlinkage and subsequent operation“. The contracting authority commissioned the external contractor specialising in IT systems with special tasks in order to ensure quality and professional design of the website.

***Audit No 14/05 “Funds earmarked for financing the selected programmes under the responsibility of MoLSA”***

In January 2014, the SAO audit No 14/05 related, according to the MoLSA information, to IOP was commenced at the MoLSA IB. As of 30 Sep 2014, the audit was not completed since the SAO did not issue the audit conclusion adopted by the SAO Board.

**Controls conducted by the Paying and Certifying Authority**

***Control of the PCA at the MoI CR***

On 30 Jul 2013, the PCA of the MoF CR commenced a control at the Ministry of Interior of the CR focused predominantly on the administration of technical assistance projects, on irregularities and on activities of the financial division. As of 1 Oct 2014, the MoI was acquainted with the control protocol which included no finding.

***Control of the PCA at the MoLSA***

In May 2014, the PCA commenced a control at the MoLSA IB, focused on financial management and financial flows, conduct of verifications pursuant to Article 13 of Commission Regulation (EC) No 1828/2006, irregularities and publicity. The PCA detected a formal error of low materiality with no impact on eligibility of expenditure.

**Checks conducted by the Managing Authority (management verifications)**

*Checks of delegated activities*

In the monitored period, the checks of delegated activities were carried out at all Intermediate Bodies. They consisted in controls of public contracts, procedures in cutting the ineligible expenditure, controls of project sustainability and target values of monitoring indicators, labour costs and corrective measures to reduce the turnover rate, and human resources management.

In the period from 1 Apr 2014 to 30 Sep 2014, the IOP MA commenced **14** checks of delegated activities at the CRD, MoI, MoLSA, MoC and MoH. In the monitored period, **10** checks were completed with no finding.

The MRD Budget Department carried out **19** administrative checks.

With respect to the error rate identified during the checks of delegated activities performed by the IOP MA and other control bodies, the MA identified the risk of inadequate number of checks of delegated activities, which especially in the past was brought about by the IOP MA understaffing. In the plan of controls for 2014, the MA identified the risks at each IB, on which the checks of delegated activities focus in 2014.

*Checks of projects*

The IOP MA conducts also its own controls of projects, especially controls initiated by the IBs, beneficiaries and other bodies. In the period from 1 Apr 2014 to 30 Sep 2014, the IOP MA performed **28** checks of projects, focused particularly on public procurement procedures, checks of eligibility   
of expenditure, observance of deadlines. In the monitored period, **9** checks were completed, of which **3** checks with a finding. In total, expenditure in the volume of approximately CZK 145.98 million was checked, of which ineligible expenditure was identified amounting to CZK 8.9 million and related   
to the conduct of public procurement procedures/tenders, identification of ineligible expenditure and observance of deadlines for submission of the progress report.

**Checks (verifications) conducted by the Intermediate Bodies**

*Checks of projects*

The IOP MA delegates the conduct of checks to individual Intermediate Bodies The MA and IBs exploited the assistance provided based on the framework contract with Cautor company. In accordance with Article 13 of Commission Regulation (EC) No 1828/2006, the verifications shall cover administrative, financial, technical and physical aspects of operations, as appropriate. The IOP Operational Manual lays down the minimum requirements for all the Intermediate Bodies concerning the procedures during the checks of projects and the minimum scope of the sample for checks pursuant to Article 13 of Commission Regulation (EC) No 1828/2006. The Intermediate Bodies in line with the IOP Operational Manual have elaborated detailed procedures for the conduct of checks and have set methodologies for selection of a sample of projects for on-the-spot checks, in case the on-the-spot check is not conducted in 100 % of projects.

In the period concerned, pursuant to Article 13 of Commission Regulation (EC) No 1828/2006 (hereinafter referred to as “Article 13 of Commission Regulation”), 650 checks were conducted, during which expenditure in the volume of approximately CZK 5 billion was controlled. 150 checks were completed with a finding and the total volume of detected ineligible expenditure amounted to roughly CZK 59.6 million.

**MoI**

The Ministry of Interior performed 8 checks of projects in the monitored period, of which 5 checks were completed. In accordance with Article 13 of Commission Regulation, the MoI verified expenditure amounting to approximately CZK 23.09 million. Mainly interim public administration checks are conducted by this IB.

**MoH**

The Ministry of Health conducted 39 checks of projects in the monitored period, of which 37 checks were completed and 6 checks were completed with a finding. In accordance with Article   
13 of Commission Regulation, the MoH verified expenditure in the amount of approximately CZK 215.74 million and identified ineligible expenditure amounting to CZK 12.15 million. The MoH conducts the checks in the form of (interim) monitoring visits.

**MoLSA**

The Ministry of Labour and Social Affairs conducted 70 checks of projects in the monitored period,   
of which 66 checks were completed and 8 checks were completed with a finding. In accordance with Article 13 of Commission Regulation, the MoLSA verified expenditure in the amount   
of approximately CZK 346.72 million and identified ineligible expenditure amounting to CZK 6.8 million. The checks mostly assumed the form of interim administrative check.

**CRD**

Individual CRD branches performed over 900 checks in the period from 1 Apr 2014 to 30 Sep 2014. In accordance with Article 13 of Commission Regulation, they verified funds in the amount   
of approximately CZK 4 508.52 million and identified ineligible expenditure amounting   
to approximately CZK 74.34 million.

## 4.2 Implementation of the Communication Plan and Publicity Activities

**The text below gives a description of selected publicity activities of IOP that took place in the monitored period. A detailed list of all the performed activities is included in Annex No 1.**

**“Vote for the Czech sights“ – a contest under the Integrated Operational Programme.**

****

For tourists and persons interested in Czech and Moravian cultural heritage, the IOP MA prepared   
a four-month contest Vote for the Czech sights. Selected sixteen historical sights, reconstructed thanks to the IOP support, competed for votes of heritage lovers. The largest number of votes was received by the project called Making the National Cultural Monument Vítkovice accessible to public and open to new use, ranking second was the project called Glass Art Centre Glassworks František in Sázava, which was followed by the National Museum of Photography and Tapestry Workshop in Jindřichův Hradec.

Funds covered from IOP TA: CZK 241 792,-

Target group: general public

**Advertising in Hospodářské noviny daily**

On 5 June 2014, a six-page advertisement was published in Hospodářské noviny daily, of which   
3 pages presented the Integrated Operational Programme. The advertisement was published in cooperation with the National Coordination Authority. The main topics were social entrepreneurship, health sector, restoration of cultural heritage and IUDP. The advertisements were not covered from IOP Technical assistance budget.

Funds covered from IOP TA: CZK 0

Target group: general public

**IOP pod lupou (Under the Magnifying Glass) Newsletter**



In the monitored period, the IOP MA published two issues of the IOP pod lupou quarterly. Both the issues were dedicated to the latest developments in IOP, i.e. to successful projects and to the preparation of the programming period 2014-2020. The IOP pod lupou Newsletter is published in the circulation of 500 printed copies and is distributed to almost 5 000 email addresses. Individual issues inform on the latest developments in the programme and on implemented projects.

Funds covered from IOP TA: CZK 62 936,-

Target group: professional and general public

**Advertising in Respekt periodical**

Publishing of IOP presentation – support from Intervention area 3.1 for investments made by entrepreneurs who employ persons from the defined groups. The ½ page advertisement was published on 18 Aug 2014 and 25 Aug 2014.

Funds covered from IOP TA: CZK 63 676,-

Target group: general public

**Year 2 of the videocontest Make a video of a smart authority and win!**

C:\Users\couvla.DOMNT\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.Word\bannerSF172x42.jpg

Year two of the videocontest “Make a video of a smart authority and win!“, with the prize being   
a Samsung Gear 2 Neo or Fit smart watch, started on 15 Sep 2014 and is open until 14 December. The general public can compete for the most interesting videospot on the topic: What is your view of the modernisation of authorities in the Czech Republic, what is it that makes your communication with authorities easier and how?

Give us advice or suggest how to improve the functioning of a “smart“ authority in the next period. Another category is intended for project holders who make a video spot on their project, for which they received support from the Integrated Operational Programme (Intervention area 1.1) or from the Operational Programme Human Resources and Employment (IA 4.1), and which they will present to the public.

Funds covered from IOP TA: CZK 13 840,-

Target group: general public

**The list of aid beneficiaries under the IOP is published and monthly updated on:**

<http://www.strukturalni-fondy.cz/cs/Microsites/Integrovany-OP/Zadatele-a-prijemci/Seznam-podporenych-projektu>

## 4.3 Conducted Evaluations and Studies

In the period from April to September 2014, two external evaluations from the Evaluation Plan of IOP for 2014 were completed. Two internal evaluations of IOP Managing Authority are to be completed soon. One evaluation of the MoH Intermediate Body is under implementation. As against the Evaluation Plan of IOP for 2014, the dates of completion have not been observed. In addition, outside the scope of the Evaluation Plan of IOP for 2014, an ex-ante evaluation of the financial instrument use in IROP was commenced.

In 2014, corrective measures from actions plans related to the evaluations completed in 2013 are still being implemented. A summary of corrective measures is given in Annex No 4.

### 4.3.1 Evaluations of the Managing Authority

**Ex-ante evaluation of IROP for 2014 – 2020 programming period**

The commissioning of the ex-ante evaluation is based on Article 48 of the Common Provisions Regulation, its conduct is the obligation of the authority responsible for the preparation of the programme. The ex-ante evaluation shall be submitted to the Commission at the same time as the programme, together with an executive summary. The evaluation shall be carried out by experts independent of the Managing Authority or the author of the draft programme.

Implementation period: October 2013 – June 2014

Type of evaluation: external

Budget: 290 000,- net of VAT

Evaluator: Deloitte Advisory s.r.o

The output is the final report, published on <https://www.strukturalni-fondy.cz/cs/Microsites/IROP/Dokumenty> website in Downloadable documents section.

**Brief summary of conclusions:**

The subject of evaluation was the programming document in the version of 2 May 2014, including its official and unofficial annexes, namely with the use of evaluation questions defined in the terms   
of reference of the contract – these questions cover the required areas of interest, as specified   
in Article 55 of General Regulation (adopted on 17 Dec 2013).

As core problem areas, requiring increased attention, the evaluator considers especially Chapter 3   
of the programming document dedicated to Financing and distribution of allocation, Chapter 4 on integrated instruments and territorial development, and Chapter 7 on implementation and administration structure.

The ex-ante evaluator is convinced that the IROP programming document has been very well prepared, with adequate involvement of partners, nevertheless if it is to be completed in a way compliant with the requirements for ESI funds and fitting for the stage of implementation, it is essential to focus the attention on the following priority steps:

1. Operationalization of territorial dimension rules;
2. Final setting of values of the set of indicators;
3. Providing clear rules within the implementation structure;
4. Preparing the connection to MS2014+ and introduction of e-cohesion principles;
5. Fine-tuning of the variables related to administrative and absorption capacity.

**Environmental Impact Assessment of IROP in the 2014- 2020 programming period**

The elaboration of assessment of impacts of the programme on the environment and on public health and NATURA 2000 is based not only on provisions of Article 48 (4) of the Proposal for Common Provisions Regulation, but also on Act No 100/2001 Coll., on the Environmental Impact Assessment, as amended, by which the Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 is transposed into the Czech body of law.

Implementation period: September 2013 – May 2014

Type of evaluation: external

Budget: 300 000,- net of VAT

Evaluator: Integra Consulting s.ro.

**Brief summary of conclusions:**

The Environmental Impact Assessment was conducted in accordance with the Act on the Environmental Impact Assessment and elaborated in line with Annex 9 to this Act. The IROP assessment comprised an assessment pursuant to Section 45i of Act No 114/1992 Coll., on Nature and Landscape Protection, as amended, namely in terms of impacts on the Sites of the Community Importance and Bird Sites and the status of their protection in the mentioned terms, pursuant to Section 45h of Act No 114/1992 Coll., on Nature and Landscape Protection, as amended.

The individual outputs of IROP assessment of impacts on the environment and on public health indicate that the assessed concept has a potential to positively impact the environment, but includes also specific goals, the fulfilment of which is accompanied by risks of a negative impact on the environment. The evaluation identified the risks of a negative impact on the environment, especially in measures related to support for development of transport infrastructure and support for the use of renewable energy sources.

Based on the assessment, the Ministry of Environment has issued a favourable opinion on the draft IROP concept which is published on <http://www.strukturalni-fondy.cz/cs/Microsites/IROP/Dokumenty> website in Downloadable documents section.

**Evaluation of the implementation of JESSICA financial instrument with respect to its applicability in the programming period 2014 - 2020**

The decision on carrying out this evaluation was adopted at the 11th meeting of the IOP Monitoring Committee held on 6 June 2013. It aims to evaluate the additional inclusion of JESSICA financial instrument in the Integrated Operational Programme, to assess the implementation structure of the financial instrument and the suitability of supported activities. The IOP MA will launch the evaluation, after the contract with the HF is signed and when the UDF administrator submits the business plan and starts to provide the first loans.

Type of evaluation: internal

Implementation period: April 2014 – October 2014

Evaluator: IOP MA

A draft evaluation report has been drawn up. There was a meeting held of the peer review group called Evaluation of JESSICA FI in IOP, where conclusions and recommendations of the evaluation were presented and discussed. A draft final report was sent for comments to members of the peer review group. The final report is expected to be finalised by mid-October 2014.

**Analysis of administrative capacities and outsourcing in IOP implementation structure 2014**

The analysis aimed to determine the total costs spent on programme management in the monitored period from 7/2013 to 6/2014 and to compare them to the costs of previous periods. Based on the comparison of outputs and financial costs to identify the risks and to propose recommendations leading to increasing the efficiency and economy.

Implementation period: July – October 2014

Type of evaluation: internal

Evaluator: IOP MA in cooperation with IBs

The analysis was a follow up to the Analysis of administrative capacities and outsourcing of IOP Intermediate Bodies 2013. The elaboration of analysis has started and a draft report has been compiled which is now under comment procedure. The expected date of completion is the end of October 2014.

**Ex-ante evaluation of the financial instrument in IROP**

The purpose of ex-ante evaluation is to objectively appraise the options of its application and subsequent direct implementation of non-grant forms of support through financial instruments as   
a part of intervention under the IROP Programming Document.

Implementation period: September 2014 – February 2015

Type of evaluation: external

Budget: 1 900 000.00 net of VAT

Evaluator: to be selected in a tender

An invitation to tenders for an evaluator has been published.

### 4.3.2 Evaluation and Studies of the Intermediate Bodies

**Audit of implementation of projects from the 4th, 5th and 8th call for Intervention area 3.2 of the Integrated Operational Programme**

The MoH in 2011 developed a project under IA 6.1 Technical assistance – Audits of the 4th, 5th and 8th call of the Ministry of Health, the implementation of which was approved by the IOP TA Selection Committee. The evaluation follows up on the Audit of implementation of projects from the 1st call for Intervention area 3.2 of the Integrated Operational Programme, carried out at the beginning of 2011. The aim of the audit is to control and evaluate the course of the contract award procedures of all grant projects from the 4th, 5th and 8th call for Intervention area 3.2 of IOP. Based on the control, the contractor will perform an analysis of efficiency of tenders primarily in terms of the achievement of prices common at the given place and time. It also aims to assess the administrative procedures and processes of the European Funds Department pursued in the administration of projects, and to verify the adherence to the set out procedures by the employees of the Department.

Its implementation was divided into three parts which proceed in line with the date of completion of projects in individual calls.

At present, the Part 1 Audit of implementation of projects from the 4th call for Intervention area 3.2 of the Integrated Operational Programme takes place. Part 2 Audit of implementation of projects from the 5th call for Intervention area 3.2 of the Integrated Operational Programme is being prepared for implementation.

Expected implementation period: October 2013 – March 2015

Part 1 Audit of implementation of projects from the 4th call for Intervention area 3.2 of the Integrated Operational Programme.

Contract price: 154 880,- VAT inclusive

Part 2 Audit of implementation of projects from the 5th call for Intervention area 3.2 of the Integrated Operational Programme.

Contract price: 690 184,- VAT inclusive

Part 3 Audit of implementation of projects from the 8th call for Intervention area 3.2 of the Integrated Operational Programme.

Contract price: 929 522,- VAT inclusive

Even though the contract is called audit, it can also be considered an evaluation resulting in the assessment of the implementation system of IB in the administration of projects and particularly the recommendations for its modification – especially the modifications of the Operational Manual of the of the MoH as the IB for the Global Grant, modification of specific work procedures of the European Funds Department, proposals for improvement of communication and transfer of information. The output will also consist in recommendations for the implementation of contracts in the Czech health sector.

**Evaluation of Intervention area 3.2 with respect to the achievement of defined objectives and experience with the implementation of support in the Czech health sector**

In 2014, the MoH intends to conduct an evaluation of the to date and foreseen fulfilment of objectives in Intervention area 3.2 on the basis of implemented projects in the context of current social and economic development and first and foremost of the expected situation in the Czech health sector. An emphasis will be put on the achievement of the global objective: “Ensuring the accessibility and quality of standardised health care, including the development of the efficient system of health risk prevention and modernisation of processes of quality and cost management in the system of provision of public health services.“

With account taken of the status of implementation of the intervention area, the evaluation outputs will be used primarily as a source analysis for the preparation of the EU economic, social and territorial cohesion policy in the programming period 2014 – 2020.

Type of evaluation: internal and external

Implementation period: March 2014 – June 2014

Budget: it will be determined based on the particular assignment

Person responsible: Ministry of Health

Currently, the source documents for drafting the evaluation questions are being prepared.

## 4.4 Other Activities of the Managing Authority and the Monitoring Committee

### 4.4.1 Activities of the Managing Authority

**4.4.1.1 Crisis plan**

See Chapter 2.4.7 Crisis management and implementation of Government Resolution No 144

**4.4.1.2 Education and training**

1. **Overview of conducted education and training activities**

|  |  |  |
| --- | --- | --- |
| **Evaluation of education plans / Activity** | **Role of the MA** | **Comments** |
| Education and training organised by the Managing Authority for Intermediate Bodies | Organisation of education and training activities which reflect topical issues in IOP implementation and topics which are not covered by external training courses offered in the market. | In the period from 1 Apr 2014 to 30 Sep 2014, the MA held a total of 4 education and training events during which 33 persons were trained. The education and training events focused on the topics of financial management and closure of IOP implementation. |
|
|
| Education and training of the MA | Organisation of education and training activities based on the individual education plans of MA staff, or the IOP annual education plan. | In the period from 1 Apr 2014 to 30 Sep 2014, altogether 300 members of IOP MA staff were trained during 60 education and training events. The education and training events focused on the topics of financial and management control, financial management, information systems in IOP, language course, monitoring and evaluation, computer skills, preparation and management of projects, state aid, public procurement, initial education and lessons learned in the implementation of other operational programmes. |

### 4.4.2 Activities of the Monitoring Committee

On 3 June 2014 the **13th regular meeting** of the IOP Monitoring Committee was held.

At the 13th meeting the Annual Report for 2013 was submitted by the IOP MA to the IOP MC members for approval, and the Report on Implementation of IOP as of 31 March 2014 was presented for information. The IOP MC assigned the tasks to the IOP MA (for more details see Annex No 3).

### 4.4.3 Activities of the Working Groups

Working groups represent a tool for communication on topical themes or problems. Minutes are taken from their meetings and the WGs are subject to evaluation by the MA. In collaboration with WG members the evaluation considers the frequency of meetings in the year concerned, the attendance, the fulfilment of tasks assigned at the working group meetings, the involvement and activity of members, the satisfaction of members with the organisation of the WG and its benefits.

Working groups can respond in a flexible fashion to the emerging problems in IOP implementation. They are also used as a tool of education and training.

**Main conclusions from meetings of the working groups**

**WG for communication**

In the monitored period the WG for communication met on 24 April 2014 in order to set the Annual Communication Plan 2014/2015 – planned activities of the MA+IBs.

**WG PILOT**

Bearing in mind the state of play of pilot projects, where almost all the indicative projects have already been implemented, the IOP MA reduced the frequency of WG meetings. The IOP MA intends to hold one meeting before the end of 2014.

**WG Technical assistance**

The Working Group Technical assistance did not meet in the monitored period.

**WG Financial management**

WG Financial management meets at monthly intervals and was convened four times in the monitored period: 29 April 2014, 2 May 2014, 30 June 2014, 30 September 2014.

The WG looked into the system of monitoring of absorption forecasts, fulfilment of n+2 rule in 2014, chances to fully absorb the IOP allocation in 2015 and potential overcommitment of individual IAs.

**WG for evaluation**

WG for evaluation does not meet regularly, matters are resolved by exchange of e-mails.

**WG IS and monitoring**

In the monitored period the Working Group met on 25 September 2014. The meeting focused on training of IS Monit7+ IOP users concerning the output reports and the possibility to obtain data from the IS and to use them for monitoring of programme implementation and identifying potential problems and bottlenecks.

**WG for 5.2**

Working Group meets only where necessary. In the monitored period no need arose to convene   
a meeting.

**WG for risk management**

In the monitored period the Working Group for risk management met on 22 April 2014. The main topic on the agenda was the Catalogue of IOP Risks and evaluation of the introduced corrective measures and provision of information on next steps in the current stage of IOP.

**WG for public contracts**

WG for public contracts met on 9 April 2014, 10 July 2014 and 25 September 2014. At the meetings discussions were held particularly on application of the guidelines of the European Commission for determining financial corrections for non-compliance with the rules on public procurement (hereinafter referred to as the “new EC guidelines“),which is annexed to the Decision of the European Commission C(2013) 9527. The last meeting of WG PC also addressed matters related to the conflict of interest.

**WG JESSICA**

The WG JESSICA met for the last time on 18 Jun 2012 and due to the ongoing implementation of this financial instrument has not been convened since. Technical meetings are held between the IOP MA and HF SHDF, where necessary.

**WG for risk reduction in Smart Administration**

The WG for risk reduction in Smart Administration does not meet regularly, instead of its meetings tripartite talks are held between the MA, IBs and beneficiaries, where specific problems faced in projects are addressed.

## 4.5 Administrative Capacity of the Programme's Implementation Structure Bodies

The MA monitors and registers the administrative capacity of bodies involved in the IOP implementation. The following tables of administrative capacity were compiled by the IOP MA and IBs pursuant to the NCA guideline for drafting the report on implementation.

The table includes all the units and their employees involved in IOP implementation, expressed in full time equivalent. Apart from the Managing Authority and Intermediate Bodies staff, it also comprises those MRD technical divisions that cooperate with the Managing Authority in the field of tourism, territorial (spatial) planning and housing support, and Financial and Human Resources Division of the MRD.

The table presents the structure of bodies involved in IOP implementation. The “Number of employees” column gives the number of employees involved in IOP implementation expressed in full time equivalent (FTE). An employee with a full-time position (who spends 100 % of his working time on IOP implementation) is assigned the value of 1.0 FTE, while an employee with a quarter-time position who spends 25 % of his time on IOP implementation is assigned the value of 0.25 FTE.

1. **Status of administrative capacity of IOP implementation structure**

| **Authority** | **Department** | **Unit** | **Number of employees (FTE)** | **Total for the authority (FTE)** |
| --- | --- | --- | --- | --- |
| Managing Authority | Operational Programmes Management Department | Director of the Department and the Secretariat to the Department | 2 | 70,8 |
| IOP Management Unit | 9 |
| IROP Programming and Methodology Unit | 10,975 |
| IROP Coordination Unit | 5 |
| IOP Control Unit | 12 |
| OP Support Unit | 11,725 |
| Budget Department | EU Programmes Administration Unit | 14,5 |
| Programme Financing Unit | 1 |
| Persons responsible in technical divisions of the MRD CR | Housing Policy Department | National Programme Administration and IOP Unit | 1 |
| Human Resources Department | Salaries and HR Agenda Unit | 0,4 |
| Financial Division | Accounting and Financial Services Department | European Funds Accounting Unit and Budgetary Chapter Accounting Unit | 3,2 |
| Ministry of Health CR | European Funds Department | Methodology Unit | 4 | 22 |
| Project Management Unit | 4 |
| Project Financing Unit | 5 |
| Monitoring, Control and Technical Assistance Unit | 5 |
| Director, assistant, administrative officers | 4 |
| Ministry of Interior CR | Structural Funds Department | Publicity and TA Unit + director | 5,41 | 24,68 |
| Methodology and Project Evaluation Unit | 2 |
| IOP Implementation Unit | 9,45 |
| Project Control Unit | 6,78 |
| Financial Department of MoI CR | Financial Management of Payments Unit | 1,04 |
| Ministry of Labour and Social Affairs CR | Other Funds Department | ERDF Unit | 9,95 | 20,4 |
| Programme Financing Department | Financial Management of Assistance and IOP Unit | 9,45 |
| Financial Management of GA Unit | 0,7 |
| Other MoLSA units involved in IOP implementation | 0,3 |
| Centre for Regional Development CR |  | IOP and OPTA Administration Management Division | 17,25 | 56 |
| Public Contracts Administration Management Division | 5,5 |
| Regional Branches Division | 33,25 |
| **Total** |  |  | **193,88** | **193,88** |

*Source: MA and IBs as of 30 Sep 2014*

The following table contains comparisons of the current status of IOP administrative capacity and the status as of 31 Mar 2014, and the target number of employees until the end of 2015.

1. **Monitoring of the status of administrative capacity in the programming period 2007 – 2013**

|  | **FTE as of 31 Mar 2014** | **FTE as of 30 Sep 2014** | **Target FTE**  **for 2014** | **Target FTE**  **for 2015** |
| --- | --- | --- | --- | --- |
| Managing Authority | 61,40 | 66,20 | 71,00 | 71,00 |
| Persons responsible in technical divisions of MRD CR | 3,30 | 1,40 | 1,00 | 1,00 |
| Financial Division | 3,20 | 3,20 | 3,20 | 3,20 |
| Ministry of Health CR | 24,00 | 22,00 | 25,00 | 25,00 |
| Ministry of Interior CR | 24,27 | 24,68 | 24,68 | 24,68 |
| Ministry of Labour and Social Affairs CR | 20,68 | 20,40 | 22,05 | 22,05 |
| Centre for Regional Development CR | 54,05 | 56,00 | 57,05 | 57,05 |
| **Total** | **190,90** | **193,88** | **203,98** | **203,98** |

*Source: MA and IBs as of 30 Sep 2014*

1. **Proposal for administrative capacity of IOP IBs for the period from December 2015 to June 2016**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| The summary below reflects the need to ensure positions of employees involved in the absorption of EU funds under IOP which will be crucial for the preparation of state budget for 2016 by ministry. | **Total number (FTE)** | **MoLSA** | **MoH** | **MoI** |
| **Total number (FTE)** | **32** | **9** | **14** | **9** |

*Source: MA and IBs as of 30 Sep 2014*

Comments on administrative capacity of individual IOP bodies are presented in the following table.

|  |  |
| --- | --- |
| **Managing Authority** | * The number of employees of the IOP Managing Authority has increased for the following reasons:   As of 1 June 2014, the IOP TA started to fully cover the remaining  4 employees of the Operational Programmes Management Department (until 1 June 2014 they were fully covered from the state budget), who are involved in the implementation of IOP and preparation of IROP.   * Other changes: * As of 1 July 2014 there was a change made among the top officials IOP MA. * As of 31 August 2014, a restructuring of the department was made in line with Decision No 136/2014 of the Minister of Regional Development. * The number of employees of IOP MA expressed in FTE as of 31 Mar 2014 includes also those employees who work under AWA (FTE – 5). |
| **Centre for Regional Development of the CR** | * The number of employees of CRD CR IB expressed in FTE equals the number of employees set and budgeted by the founder – the MRD CR. |
| **Ministry of Interior CR** | * In the monitored period, the administrative capacity of the MoI CR IB was stable. The limit of administrative capacity covered from IOP TA is observed and maintained at 24.68. Three employment contracts were terminated. There were two changes made at the head of controls position and the head was moved to another position in the unit. The position of the head of the Methodology and Evaluation Unit still remains vacant. One methodologist has for a long period of time been on a sick leave. |
| **Ministry of Culture CR** | * In accordance with Resolution of the CR Government No567/2013 and the Addendum No 1 to the Agreement on delegating the tasks of the IOP MA to the MoC as the Intermediate Body in the framework of IOP implementation for the period 2007-2013 signed on 25 Sep 2013, with effect from 31 Oct 2013 the agenda was transferred from the MoC CR to the MRD CR and CRD CR and the MoC CR IB ceased to exist. |
| **Ministry of Labour and Social Affairs CR** | * The number of FTE at the MoLSA CR IB as against the previous monitored period remained almost the same. In this period, two employees were hired. In mid-May 2014, a new project manager was hired for the Financial Management of Assistance and IOP Unit. At the beginning of August 2014, the position of the Director of the Other Funds Department, which had been created following the restructuring at MoLSA as of 1 March 2014, was filled. In the monitored period, one project manager at the ERDF Unit terminated her employment contract, this position will be filled again starting from November 2014. |
| **Ministry of Health CR** | * In the monitored period the number of staff expressed in FTE declined from 24 to 22. Two new full-time employees were hired, four employees left (two for a maternity leave, the other two terminated their employment contract, of whom one during the trial period), moreover, internal transfers were made between the units (a transfer of one employee into another unit and a promotion of one employee to the position of the head). |

1. **Monitoring of the turnover rate by post and implementation body**

| **Turnover of employees of OP implementation structure by post** | **Number of employees at the given post by share of their involvement in implementation as of 31 Mar 2014** | | **Number of employees at the given post by share of their involvement in implementation as of 30 Sep 2014** | | **Number of terminated/chan-ged employment contracts at the given post by share\* of their involvement in OP implementation** | | **Number of terminated/changed employment contracts at the given post by share\* of their involvement in OP implementation (only maternal leave, retirement, death, etc.)** | | **Number of commenced employment contracts at the given post by share\* of their involvement in OP implementation** | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **MA** | **IB** | **MA** | **IB** | **MA** | **IB** | **MA** | **IB** | **MA** | **IB** |
| Administrator of the monitoring system | 3,00 |  | 4,00 |  |  |  | 1,00 |  |  |  |
| Administrative officer | 4,50 | 4,56 | 5,00 | 4,46 |  | 0,315 |  |  |  | 0,315 |
| OP analyst |  | 1,00 |  | 1,00 |  |  |  |  |  |  |
| Financial manager | 18,5 | 27,05 | 15,70 | 30,33 | 1,00 |  | 1,00 |  |  |  |
| Communication officer | 1,725 | 4,13 | 1,725 | 2,39 |  |  |  |  |  |  |
| Controller | 11,00 | 5,39 | 12,50 | 7,02 | 7,00 | 2,00 | 1,00 |  | 6,00 | 2,13 |
| Coordinator of evaluation | 1,00 | 3,13 | 1,00 |  |  |  |  |  |  |  |
| Coordinator of controls and irregularities |  | 0,50 |  | 0,5 |  |  |  |  |  |  |
| Coordinator of technical assistance | 2,00 | 1,00 | 2,00 | 2,00 |  |  |  |  |  |  |
| Coordinator of education and training | 1,00 | 1,00 | 1,00 |  |  |  |  |  |  |  |
| Methodologist of OP management | 9,975 | 5,50 | 9,975 | 6,50 |  | 1,00 |  |  |  |  |
| Lawyer |  | 1,00 |  | 2,63 |  | 0,63 |  |  |  | 0,63 |
| Project manager |  | 47,26 |  | 48,18 |  | 3,00 |  | 1,00 |  | 3,00 |
| Senior officer | 6,00 | 17,96 | 6,60 | 16,62 | 2,00 | 2,26 | 1,00 | 1,00 | 1,00 | 2,96 |
| Other posts | 9,20 | 4,52 | 11,30 | 1,45 | 4,00 |  |  |  | 4,00 | 0,50 |
| **Total number of employees** | **67,90** | **124,00** | **70,80** | **123,08** | **14,00** | **9,205** | **4,00** | **2,00** | **11,00** | **9,535** |
| **Total number of employees** | **62,825** | **129,62** | **58,70** | **98,83** | **4,00** | **4,16** | **3,00** | **1,00** | **13,00** | **7,13** |

*Source: MA and other implementation bodies as of 30 Sep 2014*

*\*In case the employee devoted less than 100 % of his time to work activities related to programme implementation, the share of his work devoted to the programme is given*

# 

# 5 MAIN CONCLUSIONS

In the period from 1 Apr 2014 to 30 Sep 2014, a total of 364 applications in the amount of EUR 256.75 million were submitted. As of 30 Sep 2014, 170 projects in the amount of EUR 68.3 million were approved, i.e. 4.56 % of the total programme allocation. The beneficiaries were paid EUR 87.1 million, representing 5.6 % of the programme allocation. Funds totalling EUR 71.27 million, i.e. 4.58 % of the allocation, were included in aggregate payment claims accounted for by the PCA. Expenditure amounting to EUR 40.02 million was certified, which represents 2.58 % of the programme allocation.

According to the forecasts, there is a risk of a loss of allocation amounting to EUR 72.5 million in 2014. The IOP MA applies similar measures to minimise the loss of allocation as in 2013. Ever since the beginning of 2014, the IOP MA has been analysing the issue of full absorption of the programme, taking into account the available allocation, the amount of potential future savings in projects, the risk of depreciation of the Czech crown against euro, the imminent loss of allocation in 2014, and the potential use of 10 % flexibility between priority axes that can be applied at programme closure. Based on these factors, it determines the rate of overcommitment of the programme with the view to fully absorb the programme allocation. In line with conclusions of the analysis of full absorption and as a follow-up to decisions of individual Intermediate Bodies concerning the overcommitment, the MA publishes additional calls and, where more funds are released, increases the allocation to the already ongoing calls.

In July 2014, the IOP MA in cooperation with IOP IBs compiled a set of sixty horizontal measures and additional nineteen specific measures for individual intervention areas with the view to maximise the absorption. They will be accomplished before the end of 2014. The IOP MA continuously monitors the accomplishment of these measures by the set deadlines. Due to the available allocation of the programme and savings made in projects, the IOP MA in cooperation with the IOP IBs elaborated the strategy of full absorption of IOP, which was updated in October.

The IOP MA submitted to the EC the applications for the two major projects (“Preparedness of the Fire Rescue Service of the Czech Republic for floods” and ”Increasing flood preparedness of the Police of the CR to save lives and property“). Based on the EC requirements, the IOP MA on 30 May 2014 submitted the modified application specifying the purpose of technology and equipment to be purchased and containing a deeper analysis of the needs of the GD FRS project “Preparedness of the Fire Rescue Service of the Czech Republic for floods“. On 14 August 2014, the project was approved by the European Commission. The project is now under implementation and public contracts are under way in line with the approved timetable. As concerns the project of the Police Presidium of the CR, the required information is supplemented and the project has not been approved as yet.

Bearing in mind the development of available allocation and savings made in projects, the publishing of additional calls is not anticipated by the end of 2014 and in 2015. Any extraordinarily released funds can be committed to substitute projects from the existing calls, using the flexibility between priority axes.

# LIST OF ABBREVIATIONS

|  |  |
| --- | --- |
| AA | Audit Authority |
| ACR | Annual Control Report |
| AP | Action Plan |
| AP | Application for Payment |
| ARS | Aid Registration System |
| ASOA | Administration of State-Owned Assets |
| AWA | Agreement on work activities |
| AWP | Agreement on work performance |
| CCR | Central Contract Register |
| CDA | Checks of delegated activities |
| CNB | Czech National Bank |
| Conv. | Convergence objective |
| CoP | Communication Plan |
| COSMC | Czech Office for Surveying, Mapping and Cadastre |
| CP | Classification of the payment |
| CPr | Checks of projects |
| CR | Czech Republic |
| CRD | Centre for Regional Development |
| CZK | Czech Crown – currency |
| DPAICT (MoI) | Department of Policy, Architecture and ICT projects |
| DPG | Decision on providing a grant |
| EC | European Commission |
| ECA | European Court of Auditors |
| ERDF | European Regional Development Fund |
| ERM | Electronic Records Management |
| ESF | European Social Fund |
| EU | European Union |
| EUR | Euro – currency |
| FEA | Final evaluation of the action |
| FI | Financial Instrument |
| FR | Final Report |
| FRS | Fire Rescue Service of the CR |
| FAB | Financial Administration Bodies |
| GA | Government Agency |
| GCIS | Government Council for Information Society |
| GD FRS HZS | General Directorate of the Fire Rescue Service |
| GD LO CR | General Directorate of the Labour Office of the CR |
| GFD | General Financial Directorate |
| HAB | Handbook for Applicants and Beneficiaries |
| HF | Holding Fund |
| HPD (DOZP) | Home for people with disabilities |
| HQ | Headquarters |
| HWP | Handbook of Work Procedures |
| IB | Intermediate Body |
| ICT | Information and communication technologies |
| IIA | Internal Integration of the Authority and Integration with the ISPA |
| IOP | Integrated Operational Programme |
| IOP MC | IOP Monitoring Committee |
| IOP OM | IOP Operational Manual |
| IRS | Integrated Rescue System |
| IS IRS | Information System of the Integrated Rescue System |
| ISBR (ISZR) | Information System of Basic Registers |
| ISPA (ISVS) | Information Systems of Public Administration |
| IUDP | Integrated Urban Development Fund |
| MA | Managing Authority |
| MFFC | Methodology of Financial Flows and Controls |
| MIP | Manual of Internal Procedures |
| MMR | Monthly Monitoring Report |
| MoC | Ministry of Culture |
| MoH | Ministry of Health |
| MoI | Ministry of Interior |
| MoLSA | Ministry of Labour and Social Affairs |
| MR | Monitoring Report |
| MRD | Ministry of Regional Development |
| NCA | National Coordination Authority |
| NCT | National Centre for Support of the Transformation of Social Services |
| NIS IRS | National Information System of the Integrated Rescue System |
| NSRF | National Strategic Reference Framework |
| OG | Office of the Government |
| OP | Operational Programme |
| OP HRE | Operational Programme Human Resources and Employment |
| OPC | Office for the Protection of Competition |
| OPTA | Operational Programme Technical Assistance |
| PA | Priority axis / priority area |
| PCA | Paying and Certifying Authority - National Fund |
| PCR | Police of the CR |
| PMD MoI | Programme Management Department of the Ministry of Interior |
| RA | Registration of the action |
| RAC | Regional Administrative Court |
| RCE | Regional Competitiveness and Employment objective |
| ROP | Regional Operational Programme |
| SA | Smart Administration |
| SA | State aid |
| SAC | Supreme Administrative Court |
| SAO | Supreme Audit Office |
| SAPD | Strategy and Aid Policy Department of the Ministry of Culture |
| SB | State budget |
| SCC | Social Care Centre |
| SCH (DSS) | Social care home |
| SF | Structural Funds |
| SFD | Structural Funds Department |
| SHDF | State Housing Development Fund |
| SMR | Stage Monitoring Report |
| T | Tourism |
| T | Tender |
| TA | Technical assistance |
| TD | Tender documentation |
| TEE | Total eligible expenditure |
| TFA | Territorial Financial Authority |
| TO | Tax Office |
| UDF | Urban Development Fund |
| WG | Working Group |

# ANNEXES

**Annex No 1 – Publicity Activities in the Period from 1 Apr 2014 to 30 Sep 2014**

**Annex No 2 – Crises Plan**

**Annex No 3 – Summary of Measures Adopted in Response to Conclusions from the 13th Meeting of IOP MC**

**Annex No 4 – Summary of Corrective Measures from Action Plans to Evaluations Completed in 2013**

## Annex No 1 – Publicity Activities in the Period from 1 Apr 2014 to 30 Sep 2014

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **MA/IB** | **Name** | **Topic** | **Target group** | **Funds from IOP TA (EUR)** | **More information** |
| MA | [www.strukturalni-fondy.cz/iop](http://www.strukturalni-fondy.cz/iop) and [www.kvalitazivota.eu](http://www.kvalitazivota.eu) websites | Ongoing publishing of information and updating of the website | Applicants and beneficiaries  general public, evaluators, implementation bodies, mass media | CZK 12 097,- VAT inclusive | Update of the website throughout the whole period. |
|  |
|  |
| MA | *IOP pod lupou* Newsletter | Topical information on IOP, successful projects, calls, FAQ. | Applicants and beneficiaries,  general public, implementation bodies,  mass media | CZK 62 936,- VAT inclusive | 2 issues of the newsletter were published, dedicated to the current developments in IOP. |
|  |
|  |
| MA in cooperation with IBs | kvalitazivota.eu microsites | Ongoing publishing of information on projects financed from IOP | General public | CZK 5 082,- – webhosting | Microsites provide information on implemented IOP projects. They are updated by the MA and IBs. |
| MA | Publicity campaign on idnes.cz web portal | Publicity campaign | General public | CZK 241 792,- | Publicity campaign to advertise the contest called Vote for the Czech sights. |
| MA | IOP and IROP conference: Success stories and new goals | Conference | Professional public | CZK 65 500,- (estimate, it has not been reimbursed as yet) | Conference to sum up the IOP outcomes and to introduce the new programming period and support options under IROP. Pardubice, on 24 Sep 2014 |
| MA | Advertisements in MF dnes daily | Publishing of the call No 25 | General public | CZK 93 848,- | Information on publishing of the call in the area of tourism |
| MA | Enquiries sent via iop@mmr.cz | IOP enquiries | General public, beneficiaries, applicants | 0 | Number of replies to enquiries: 26 |
| MA in cooperation with the NCA | Advertisement in Hospodářské noviny daily on 5 Jun 2014 | Advertisement | General public | 0 | Publishing of IOP presentation – social entrepreneurship, health sector, IUDP and projects on the support of the cultural heritage on 3 pages. |
| CRD | Specialised PR article | Support available from IOP IA 5.2 (Integrated Urban Development Plans)  Topic: “European assistance helps improve the environment of the Czech housing estates“ | Beneficiaries and applicants, professional public, general public | CZK 15 125 VAT inclusive | Article called “European assistance helps improve the environment of the Czech housing estates“  – Panelák journal Issue No 44 (České Budějovice and Strakonice, May 2014)  and Panelák journal Issue No 45 (Brno, Břeclav, Uherské Hradiště, September 2014) |
| CRD | Specialised PR article | Support available from IOP IA 5.2 (Integrated Urban Development Plans)  Topic: “Renovation of Czech housing estates with support from the European Structural Funds“ | Beneficiaries and applicants, professional public, general public | 0 | Catalogue called “To live in a prefabricated building” (“Bydlet v panelu“), published on 8 September 2014. |
| CRD | [www.crr.cz](http://www.crr.cz) and [www.risy.cz](http://www.risy.cz) websites | Ongoing publishing of information on IOP. Continuous update of the overview of projects implemented with EU support on RIS website. | Applicants and beneficiaries, general public, implementation bodies, mass media | 0 | Update of the website throughout the year. |
| CRD | Consultancy services | Enquiries concerning IOP | General public, beneficiaries, applicants | 0 | CRD CR in cooperation with MA, or other IBs, compiles and updates the list of frequently asked questions (FAQ). Apart from that, it also offers consultancy services to applicants and beneficiaries and replies to their e-mail or telephone enquiries. In the respective six months it equalled approximately 1 400 e-mail enquiries, 1 300 telephone enquiries and 200 one-to-one consultations |
| MoLSA | [www.mpsv.cz](http://www.mpsv.cz) website | General information on Intervention areas 3.1 and 3.3 | Applicants and beneficiaries,  general public,  mass media | 0 | Update of the website throughout the monitored period. |
| MoLSA | Number of replies to enquiries | Enquiries on IOP IA 3.1 and IA 3.3 | General public, beneficiaries, applicants | 0 | Number of replies to e-mail enquiries:  IA 3.1 – 360  IA 3.3 – 224  Number of replies to telephone enquiries:  IA 3.3 – 246 |
| MoLSA | One-to-one consultations with applicants and beneficiaries | One-to-one consultations on IOP IA 3.1 and IA 3.3 | Beneficiaries, applicants | 0 | Number of one-to-one consultations:  IA 3.1 – 18  IA 3.3 – 17 |
| MoLSA | Seminars for beneficiaries and applicants under IA 3.3. |  | Beneficiaries, applicants | 0 | No seminar was held on Intervention area 3.3. |
| MoLSA | Seminars for beneficiaries and applicants under IA 3.1 | Seminar for beneficiaries under IA 3.1 b) and 3.1 c), focused on meeting the obligations by beneficiaries during the project sustainability period | Beneficiaries, applicants | CZK 2 922 | 2 seminars for beneficiaries under IA 3.1 b), venue: Prague, Olomouc, total number of participants: 19 persons.  2 seminars for beneficiaries under IA 3.1 c), venue: Prague, Olomouc, total number of participants: 13 persons. |
| MoLSA | Presentation of  IA 3.1 activities in Respekt periodical – published twice | Presentation of IOP support for social entrepreneurship | General public | CZK 63 676 | Publishing of IOP presentation – support for investments of entrepreneurs who employ persons of the defined, on 18 Aug 2014 and 25 Aug 2014, ½ page. |
| MoI | [www.osf-mvcr.cz](http://www.osf-mvcr.cz) website | Continuous publishing and update of the website | Applicants and beneficiaries,  general public, evaluators, implementation bodies, mass media | 25 385 | Modification of the module for the videocontests and its front end. |
| MoI | projekty.osf-mvcr.cz website | Database of presentations of successful projects | Applicants and beneficiaries, general public, mass media | 25 159 | Modification of picture gallery, ensuring compatibility with current versions of browsers |
| MoI | Twitter | Continuous publishing of SFD news | General public,  mass media | 0 | Twitter account was launched in September 2011, the current number of followers:172 |
| MoI | Number of replies to enquiries | IOP enquiries | General public, beneficiaries, applicants | 0 | Number of replies to enquiries: 4 000 (qualified estimate) – telephone, e-mail, one-to-one consultations, on-line advisory centre, FAQ form |
| MoI | Provision of PR services to the general public – press releases | Information on basic registers | General public, mass media | 0 | Press release: 1 |
| 1. *E-government will receive additional 650 million from the Structural Funds* (22 Apr 2014) |
| MoI | Regular distribution and creation of the newsletter | Provision of information on SFD activities, on successful projects, statistical data. | Professional public | 0 | Electronic form, disseminated via e-mail to approx. 1 136 e-mail addresses, downloadable from SFD website.  A quarterly: Issue No 2/2014 and 3/2014 |
|
| MoI | PR articles | Various topics related to IOP support and successful projects | General public, mass media | 0 | 2 articles published on SFD website |
| MoI | Contest for the general public | Video contest for the general public on SFD website | General public | 13 840 | Videocontest to win four pairs of Samsung smart watches and book vouchers; competing videos will be posted on SFD website – the winner will be selected by vote taken by the general public and the expert jury |
| MoI | Seminars for applicants and beneficiaries | Seminar on call No 17 | Applicants | 2 381 | Prague on 5 May 2014, 49 participants |
| MoI | Presentation at a specialised event in the form of an information booth | Public Administration 2014 conference, University of Pardubice (25 Sep 2014) | Professional public | 0 | Information materials, publications and promotional merchandise distributed among participants in the event |
| MoI | Taking pictures | Photos illustrating successful projects | General public | 12 000 | Photos illustrating IOP successful projects to be used in publishing activities |
| MoI | Promotional merchandise | Various types of promotional merchandise bearing the IOP visual identity elements | Applicants and beneficiaries,  professional public,  IBs and implementation structure | 93 412 |  |
| MoH | [www.mzcr.cz](http://www.mzcr.cz) website | Ongoing publishing and updating of information on Intervention area 3.2 | Applicants and beneficiaries,  general public | 0 | Update of the website throughout the year. |
| MoH | www.kvalitazivota.eu website | Ongoing publishing of examples of successful projects in IA 3.2 | General public | 0 | Update of the website throughout the year. |
|
| MoH | Number of replies to enquiries (e-mail, telephone, one-to-one consultations) | IOP enquiries | Applicants and beneficiaries, general public | 0 | Number of replies to enquiries: 1 500 (qualified estimate) – telephone, e-mail, one-to-one consultations |
| MoH | Seminars and trainings for beneficiaries (1x) | Provision of information to applicants and beneficiaries under the 13th, 14th, 17th  and 18th calls | Applicants and beneficiaries, general public,  EF Department | CZK 10 534 | Seminar for applicants and beneficiaries held in Prague on 24 Jun 2014 – provision of information on the latest developments, on the need to accelerate project administration, etc. Number of participants: 44 |

## Annex No 2 – Crisis Plan

| **Crisis Plan of the IOP set by Government Resolution No 144/2014** | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Num-ber of the risk** | **Name of the risk** | **Description of the risk** | **Number of the measure** | **List of measures** | **Spon-sor** | **Deadline** | **Way of verification of the measure accomplish-ment** | **Progress of accomplishment as at the end of  2nd quarter of 2014** | **Progress of accomplishment as at the end of  3rd quarter of 2014** |
| 1 | Failure to absorb available funds and funds released in the course of IOP implementation | Due to CNB intervention in November 2013, the Czech crown dramatically depreciated from CZK/EUR 25.70 to 27.50, thus increasing the available allocation. There is a risk of overcommitment of the programme in case the Czech crown appreciates in 2014 and 2015. | 1.1 | Detailed internal analysis of full absorption of funds of the programme for 2014 and 2015 with the view to identify appropriate measures in individual intervention areas (publishing of calls or increasing the volume of calls, dissolution of project pipelines, overcommitment and use of 10% flexibility between priority axes) | MA | 10.3.2014; monthly | MA will send to the MRD-NCA an elaborated analysis before 15 March 2014 and will keep sending the monthly monitoring reports for MRD top officials always on the 15th day of the following month at the latest. | Accomplished, on 17 March 2014 the document called “Analysis of Full Absorption of the Integrated Operational Programme”, Ref. No 9513/2014-26, was submitted at the meeting of MRD top officials. The MA top officials are informed every month on progress achieved through the IOP Monthly Monitoring Report. | Accomplished, on 17 March 2014 the document called “Analysis of Full Absorption of the Integrated Operational Programme”, Ref. No 9513/2014-26, was submitted at the meeting of MRD top officials. The MA top officials are informed every month on progress achieved through the IOP Monthly Monitoring Report. An update of the Strategy of Full Absorption (to be submitted at the beginning of October) is being elaborated. |
|  |  | The available allocation has been increased due to savings in projects and funds recovered from corrections and sanctions |  |  |  |  |  |  |  |
|  |  | Released funds are returned to the programme with a time delay, therefore it will be impossible to efficiently use the funds released in 2014 and 2015, due to short time available for the implementation of any new projects. |  |  |  |  |  |  |  |
| 2 | Failure to achieve the target absorption in 2014 | Achievement of absorption targets according to N+2 rule for 2014 has been affected by postponements in project implementation, errors and delays in project implementation and administration, savings in projects and complications caused by the OPC investigations of public procurement procedures. | 2.1 | Setting of quarterly absorption milestones for IOP IBs and ensuring regular control through monthly reporting on progress made in the programme for the MRD top officials. | MA | monthly | MA will send to the MRD-NCA a copy of monthly reporting on progress made in the programme intended for the MRD top officials on the 15th day of the following month at the latest. | MA informs on a monthly basis the MRD top officials of progress achieved through the IOP Monthly Monitoring Report. | MA informs on a monthly basis the MRD top officials of progress achieved through the IOP Monthly Monitoring Report. |
|  |  |  | 2.2 | A document for the Government, the aim of which is to ensure fast elimination of barriers in the implementation of sleeping and high-risk projects or to order their termination by beneficiaries. | MA | 20.3.2014 | MA will send to the MRD-NCA a document for the Government and summary information on measures proposed at beneficiaries. | Accomplished. The MRD top officials are being kept posted on the development, it was discussed by the Government on 4 July 2014, based on Resolution No 432/2014 an update has been prepared and a meeting with top officials of ministries concerned took place on 21 July 2014. | Revision of problematic and sleeping projects has been performed and submitted for information to the MRD top officials. Based on results of the revision, letters of the 1st Deputy Minister of MRD have been written intended for the statutory representatives of institutions under which the problematic projects are implemented – notification of a problematic project status + potential impacts in case the projects concerned are not successfully implemented in line with the approved timetables, and a requirement to send information on the list of feasible measures adopted by beneficiaries in order to successfully complete the projects. |
|  |  | IOP MA registers and in cooperation with IOP IBs determines the measures for high-risk projects or the so called sleeping projects, which face problems in implementation. | 2.3 | Termination of projects by beneficiaries as a follow up to the document submitted to the Government on 28 February 2014 | MA | 30.4.2014 | MA will send to the MRD-NCA summary information on the number and value of projects terminated by beneficiaries before 15 May 2014, in connection to the document for the CR Government. | Accomplished. The MRD top officials are being kept posted on the development, it was discussed by the Government on 4 July 2014, based on Resolution No 432/2014 an update has been prepared and a meeting took place with top officials of ministries concerned on 21 July 2014. |  |
|  |  |  | 2.4 | Modification of “binding procedures of the NCA”. | MRD | before 30. 4. 2014 | To be ensured by the MRD-NCA within the update of binding procedures. |  |  |
|  |  | Sanctions set in the Conditions for the Decision on providing a grant are in compliance with the so far applicable methodologies stricter than requested by the newly issued (COESIF Guidelines for determining financial corrections to be made to expenditure financed by the Union under shared management, for non-compliance with the rules of public procurement) and planned methodologies (Methodology of Financial Flows and Control). | 2.5 | Update of Conditions for the Decision and Statement of Expenditure with respect to the updated of methodologies at the national level and based on experience gained in the implementation of projects and control findings. | MA | from 1. 4. 2014 | MA will send the amended documents to the MRD-NCA for comments. | Accomplished.  The Conditions and Decisions are being amended in line with priorities of individual IOP intervention areas. |  |
|  |  |  | 2.6 | Upon agreement with the PCA, to possibly include in the timetable of certifications an extraordinary certification of IOP at the end of 2014. | MA; MoF-PCA | 31.3.2014 | MA will inform the MRD-NCA on an agreement with the MoF-PCA by the deadline. | Accomplished. IOP MA has agreed with the PCA on the date of certification so that the maximum amount of funds is absorbed. |  |
|  |  | For these reasons the plan of absorption has not been fulfilled and there is a risk of a failure to fulfil the N+2 rule. | 2.7 | To ensure the preparation of supporting documents for the conduct of an extraordinary certification at the end of 2014 (upon agreement with the PCA). | MA | 31.10.2014 | MA will provide summary information to the MRD-NCA on ensuring supporting documents for the extraordinary certification by the deadline. | Continuously accomplished in cooperation with the IBs and CRD | Continuously accomplished in cooperation with the IBs and CRD |
|  |  | On account of the set date of IOP certification on 15 September 2014, in line with the Methodology of Financial Flows and Control, there is a risk of a failure to achieve the n+2 target. | 2.8 | Speeding up the OPC investigation of challenged public contracts | OPC | \_\_\_ | MA will inform the MRD-NCA on projects affected by the OPC investigation (number and volume of funds in the following cases: investigation as a follow up on the audit report, appeal of the bidder) always on the 15th day of the month following the end of the quarter at the latest. | Being accomplished on a continuous basis. | Being accomplished on a continuous basis. |
| 3 | Suspension of payments from the EC as a response to audit and control findings, and imposition of sanctions and penalties | According to the IOP MA, the Audit Authority fails to take into account the IOP MA opinions on clearly erroneous findings, which causes unnecessarily high error rate of the programme. IOP MA has no opportunity to defend its opinion and in line with the drafted amendment to the Methodology of Financial Flows and Control the AA opinion will be irreversible. Another risk is constituted by unclear and unpredictable rules for setting various types of corrections in the ACR. | 3.1 | MA initiates discussions with the MoF on these matters. | MA | \_\_\_ | MRD-NCA will verify the accomplishment with respect to these matters. | IOP MA has been preparing a meeting with the AA on increasing efficiency of procedure in addressing the control and audit conclusions. | IOP MA has been in contact with the AA and addressing the matters concerned ad hoc at the level of respective projects. |
|  |  | Error rate stated in the ACR 2012, 2013 exceeded 2 %. EC interrupted the payment deadline pursuant to Article 91. | 3.2 | Quantification, splitting and deducting the flat financial corrections | MA, MoF-PCA | \_\_ | The measure has already been adopted – the cumulative residual risk has been calculated. Since the risk is below 2 %, the application of a flat financial correction is not necessary in 2014. | Accomplished. |  |
| 4 | Insufficient administrative capacity of Intermediate Bodies for completion of programme implementation. | A risk arises that the at the end of the current programming period the administrative capacity of Intermediate Bodies could decrease on account of the fact that they will not play this role for the operational programmes in the programming period 2014 - 2020. | 4.1 | To continuously monitor and evaluate the status of administrative capacity at IBs. | MA | 21.5.2014 | MA will inform the MRD-NCA about evaluation of the status of administrative capacity at IBs until 15 January 2015. | Administrative capacity is addressed within the management of implementation structure and at regular meetings between IOP MA and IOP IB directors. Supporting materials from IBs were sent to the MA on 30 April 2014, by 31 May 2014, they were subject to evaluation by the IOP MA. IOP MA convened a meeting with respective IBs on 12 June 2014. | IOP administrative capacity is addressed within the management of implementation structure and at regular meetings between IOP MA and IOP IB directors. IBs have informed about the problem to ensure financing of posts associated with IOP administration after 2015. IOP MA in cooperation with IOP IBs drafts the arguments backing up the financing of posts after 2015 at individual IOP IBs. |
|  |  |  | 4.2 | In case the status of administrative capacity at the IB is assessed as insufficient, the MA takes over a part of the agenda of the IB. |  | 31.12.2014 | MA informs the MRD-NCA whether a part of the agenda has been transferred from the IB to the MA. | NA |  |
| 5 | Failure to complete major projects in Intervention area 3.4 | In 2013, the MA sent 2 major projects under Intervention area 3.4 to the EC for approval. Extension of approval process or appeals of bidders from tenders filed with the OPC can jeopardize the date of completion of implemented projects (06/2015). | 5.1 | To arrange for the approval by the EC of two major projects in Intervention area 3.4 Services in security, risk prevention and management. | MA | 31.5.2014 | MRD will check it in the SFC2007 information system. | IOP MA communicates with the EC, the approval of projects is not under the responsibility of IOP MA. | IOP MA communicates with the EC, the approval of projects is not under the responsibility of IOP MA. The major project of FRS was approved by the EC on 14 August 2014. The project is currently under implementation and the approved timetable is observed.  In the PCR project, the required information is supplied, the project has not been approved as yet. |
|  |  |  | 5.2 | Preliminary control of tender documentation | MA, CRD | After submission of tender documentation | MA will inform the MRD-NCA about observance of the timetable of major projects, always on the 15th day of the month following the end of the quarter at the latest. | MA monthly informs the MRD top officials on progress achieved through the IOP Monthly Monitoring Report. | MA monthly informs the MRD top officials on progress achieved in major projects through the IOP Monthly Monitoring Report. Under the FRS major project, a total of 27 tenders is planned (19 tenders have been preliminarily checked + 1 preliminary check is under way, 17 calls for tenders have already been published), PCR project - 21 tenders (15 have been preliminarily checked,14 have been published). |
|  |  |  | 5.3 | Monthly meetings with major project holders and thorough monitoring of the fulfilment of set timetables. | MA | 31. 3. 2014 / monthly |  | Being accomplished. | Being accomplished. Major projects are addressed at regular meetings with beneficiaries. Meetings are held at least once a month and apart from representatives of beneficiaries and the MA are also mostly attended by the CRD representatives. At these meetings, information on the state of play of projects is provided, current issues are discussed, tenders and timetables are monitored, etc. The MA monthly informs the MRD top officials on progress achieved, through the IOP Monthly Monitoring Report. |

## Annex No 3 – Summary of Measures Adopted in Response to Conclusions from the 13th meeting of IOP MC

|  |  |  |  |
| --- | --- | --- | --- |
| **Task assigned** | **Number of the conclusion / task** | **Deadline for accomplishment** | **Accomplishment of the task** |
| **IOP MA** | C/1 To prepare a revision of the Programming Document |  | IOP MA has prepared the revised version of the Programming Document and is awaiting the EC opinion on the final amount of the loss of allocation. |
| **IOP MA** | C/2 To approve the revision of the Programming Document through per rollam procedure until the end of July 2014 | 31 July 2014 | IOP MA received the final amount of the loss of allocation for 2013 from the EC on 29 September 2014. Per rollam procedure will be commenced in the course of October. |
| **IOP MA** | C/3 To send the request for approval of the Programming Document revision to the EC before 29 August 2014 | 29 August 2014 | The deadline shall be extended due to C/2. IOP MA will send the EC a request for approval of the Programming Document revision immediately after the per rollam procedure is completed, i.e. in October 2014. |

## Annex No 4 – Summary of Corrective Measures from Actions Plans to Evaluations completed in 2013

**Analysis of administrative capacities and outsourcing in IOP implementation structure 2013**

| **Conclusions and recommendations** | **IOP Managing Authority** | | | **IOP Intermediate Bodies** | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **CORRECTIVE MEASURE** | **DEAD-LINE** | **ACCOM-PLISHED** | **CORRECTIVE MEASURE** | **DEAD-LINE** | **TO BE DONE BY** | **ACCOMPLISHED** |
| The number of FTE involved in IOP administration at MoLSA IB per CZK 1 billion of allocation is the highest among all the bodies (12.09 FTE), at other IBs it ranges from 2.65 to 3.62 FTE per CZK 1 billion of administered allocation. Recommendation: MoLSA shall examine efficiency of the existing organisational structure. |  |  |  | MoLSA will examine whether the existing organisational structure of employees implementing the IOP is efficient. | 8/2014 | MoLSA | Accomplished as of 31 Aug 2014.  MoLSA examined the existing organisational structure, the number of FTE involved in in IOP implementation at MoLSA IB is adequate. The MoLSA IB administers a higher number of smaller projects, which are largely the pilot projects, requiring close communication with beneficiaries and intensive methodological support at individual stages of project implementation. At the same time, more intensive monitoring of projects is necessary following the completion of their implementation in the sustainability period. Especially in IA 3.1 c) investment support for social economy, there are numerous projects with potential negative impacts on implementation (e.g. insolvency of beneficiaries, criminal complaints, etc.) that need to be paid increased attention. In general, the whole IA showed a considerable delay in implementation of individual projects (complications during public procurement procedures, problems in building permit procedure, etc.), e.g. in activity 3.1a) majority of projects will be completed only at the very end of the programming period. MoLSA IB expects that the administration will reach its peak at the end of 2014 and at the beginning of 2015. In the second half of 2015, the number of employees is anticipated to gradually decline. |
| Annual costs linked to the allocation are in the monitored period the highest at the MoLSA. They are almost three times higher than the CRD costs, which are the lowest within the IOP with respect to the amount of allocation. Recommendation: To examine the share of individual items of expenditure in total financial costs of MoLSA. |  |  |  | MoLSA will verify the efficiency of individual items of financial costs. | 8/2014 | MoLSA | Accomplished as of 31 Aug 2014.  Labour costs constitute approximately 85 % of total financial costs of the MoLSA IB. Financial costs on education and training of staff were eliminated due to the necessity to support the fulfilment of n+2 rule in 2014. |
| In the monitored period, the total number of FTE at the MoI IB was reduced from 39.8 to 24.28, yet the share of labour costs in this period increased from 72.4 % to 93.03 %  Recommendation: To check the efficiency of labour costs at the MoI IB. |  |  |  | MoI will check whether the growing labour costs of employees correspond to their actual involvement. | 8/2014 | MoI | Misconclusion of the analysis. There are no growing labour costs, on the very contrary also the average salary keeps decreasing. The share in 100% of expenditure has increased due to the end of outsourcing, i.e. also a decline of other (non-wage) expenditure. |
| Total turnover rate in the monitored period decreased by almost 15 percentage points. The most significant decrease occurred at the MoI IB, namely by 54 percentage points. The lowest turnover rate as of 30 Jun 2013 was reported by the MoLSA and MoH – approximately 4.5 %. Recommendation: IOP MA will find out whether the turnover rate in the 2nd half of 2013 shows again an ascending trend. | To assess the turnover rate in the 2nd half of 2013, whether it does not show an ascending trend again at the MA and IBs. | 8/2014 | Accomplished as of 31 Aug 2014.  Total turnover rate in the 2nd half of 2013 ranges around 6 %. Turnover rate at the MA and IB did not show an increase in this half-year, on the very contrary it dropped by almost 4 percentage points. |  |  |  | Accomplished as of 31 Aug 2014.  MoLSA IB avails of a stable team of employees. The turnover rate does not show an ascending trend. |

**Evaluation of consistency of monitoring indicators with IOP objectives**

| **Conclusions and recommendations** | **IOP Managing Authority** | | | **IOP Intermediate Bodies** | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **CORRECTIVE MEASURE** | **DEAD-LINE** | **ACCOM-PLISHED** | **CORRECTIVE MEASURE** | **DEAD-LINE** | **TO BE DONE BY** | **ACCOMPLISHED** |
| Indicators, which currently fail to achieve even 50 % of their target values, shall be examined. |  |  |  | The following indicators will be examined  MoI: In Priority axis 1 indicators No 150108, 150106, 150109, 150110, 150111, 150112, 150113, 152000, 152001, 152105 In Priority axis 2 indicators No 150117, 150115, 150116, 150114, 150112, 150113 MoLSA:  In Intervention area 3.1 indicator No 75714 CRD: In Priority axis 4 indicators No 413305, 413315, 410304, 410303, 413311, 413320, 413321 CRD: In Priority axis 5 indicators No 410401, 410402, 410404 | 31 Dec 2014 | MoI:  150108 – x  150106 –yes  150109 – yes  150110 – yes  150111 – yes 150112 – yes  150113 – yes  152000 – x  152001 – x  152105 - yes  CRD  MoLSA | **MoI:** Accomplished as of 6 Oct 2014  MI marked with x – was not selected by any beneficiary for the project  **MoLSA**: Accomplished as of 30 Sep 2014. MI 75714 – “Number of supported organisations“ implementing projects focused on inclusion of Roma localities in activity 3.1 b) as of 30 Sep 2014 achieved the value of 21 (the target value of MI is 30). Therefore more than 50 % of the target value of the indicator has been achieved. |
| The Final Report of IOP shall describe changes and reasons of nonfulfilment or overfulfilment of indicators. | In the Final Report of the Integrated Operational Programme to describe changes that occurred in the course of the programming period in Priority axis 4 and led to nonfulfilment of indicators No 413305, 413315, 413311, 413320, 413321 or overfulfilment of indicators No 410100, 410302, 410303, 410304. | 31 Jan 2017 |  | During the preparation of source documents for the Final Report of the Integrated Operational Programme to describe changes that occurred in the course of the programming period in Priority axis 4 and resulted in nonfulfilment of indicators No 413305, 413315, 413311, 413320, 413321 or overfulfilment of indicators No 410100, 410302, 410303, 4103. | 31 Jan 2017 | CRD |  |
| In Priority axes 1 and 2 an explanation shall be provided on the methodology of calculations and reporting of indicators originating in the Eurostat records, the fulfilment of all the so far unfulfilled indicators shall be ensured, in extreme cases it would be appropriate to seek alternative indicators in the existing statistics. | In the Final Report of the Integrated Operational Programme to describe the methodology of calculation of indicators originating from the Eurostat records. | 31 Jan 2017 |  | To ensure the fulfilment of all the so far unfulfilled indicators, in extreme cases it will be appropriate to seek alternative indicators in the existing statistics. | 31 Dec 2015 | MoI | Accomplished as of 6 Oct 2014. |
| Indicator No 75603 Efficiency of support in Intervention area 3.1 is affected by the change in its reporting in the course of the programming period. IOP MA suggests to approve a change of the indicator so that at the end of the programming period a comparability of reported values is ensured by MoLSA IB, e.g. by ascertaining the number of FTE in projects of the 1st call, whose results were obligatorily reported through indicators recorded in the number of employees. |  |  |  | Set as indicator by MoLSA IB was the number of persons in the 1st call and the number of FTE in the 8th call, therefore the achieved values cannot be aggregated. It can be solved by unifying the units of measurement and recalculating the achieved values for projects either from the 1st or 8th call. In projects from IA 3.1, the values of indicator No 75603 Efficiency of support, achieved in the 1st and in the 8th call, shall be unified. | 31 Dec 2014 | MoLSA | Status as of 6 Oct 2014.  The corrective measures are being accomplished (aid beneficiaries under IA 3.1 c) from the 1st call are approached in order to change the values of MI to the number of FTE) |
| In IA 3.2, due to the increase of absorption capacity, the target values of indicators in activities a) and b) are exceeded and their increase shall be proposed. In activity c), the originally set logics of the indicator Number of projects focused on the introduction of standards and standard procedures of quality and cost management failed to reflect the comprehensive nature of introduced programmes, and the value of indicator should be decreased. |  |  |  | In activities 3.2 a) and 3.2 b), the absorption capacity gradually rose, which triggered the announcement of additional calls. With regard to the rate of achievement of the target values of indicators, an increase of the target value of indicators Projects on the support of health – modernising medical equipment (80102), Project on the support of health – health risk prevention (80101) would be appropriate.  In activity 3.2 c) it would be appropriate to increase the value of indicator Number of projects focused on the introduction of standards and standard procedures of quality and cost management (80702). | 31 Dec 2014 | MoH | On 23 Apr 2014, a request for a change of the indicator due to the change of absorption capacity was sent by the MoH EF Department to the MA. This change, however, has not been accepted by the MA. The information on the current status of the indicator is continuously provided to the MA through implementation reports. |
| In IA 3.3, based on the data from beneficiaries, the fulfilment shall be verified in the target values of indicators that currently report extraordinarily low achieved values. |  |  |  | In cooperation with beneficiaries, it would be appropriate to verify the fulfilment of indicator No 74512 Increase in the capacity of training centres of employment services and of indicator No 74513 Increase in the capacity of consultancy and training centres, since they currently achieve less than 50 % of their target value. | 31 Dec 2014 | MoLSA | Accomplished as of 30 Sep 2014.  MoLSA has verified the fulfilment of MI 74512 in IA 3.3 b) and 74513 in IA 3.3 c) at beneficiaries.  These indicators are fulfilled following the completion of implementation of the project during the sustainability period. The values are fulfilled continuously in the course of 5-year sustainability period. This is why they now report a low level of fulfilment. |
| In IA 3.4, based on the data from beneficiaries, the fulfilment of target values shall be verified in indicators that currently report extraordinarily low achieved values. |  |  |  | It is recommended to set a single methodology of calculation for FRS and PCR components, to set a clear method of calculation of indicator No 260406. To decrease the average response time to imminent or existing safety and security risk. | 31 Dec 2014 | CRD |  |
| With regard to the monitoring indicators of Priority axis 4, it is necessary to justify in the Annual Report the overfulfilment of indicators reporting the publicity and marketing products and marketing statistical surveys, and to explain the differences in the distribution of values between the Convergence and RCE objective. | a) To incorporate in the Report on Implementation of the programme the justification of the need for approval of projects focused on publicity and marketing products and marketing statistical surveys increasing the value of the monitoring indicator No 410302 Number of created publicity or marketing products for tourism above the planned target value. b) To explain in the Final Report of IOP the differences in the distribution of values of indicators between the Convergence and RCE objectives, in some indicators only the values are distributed at 1/14 and 13/14 ratio. | a) 30 Sep 2014  b) 31 Jan 2017 | a) Accompli-shed as of 30 Sep 2014.  Justification was incorporated in the Report on Implementation:  **Value of indicator No 410302** Number of created publicity or marketing products for tourism achieved the required commitment of 300%. The achieved value of indicator is directly linked to the number of approved projects in activities d) and e). The originally set value of indicator No 410302 did not reflect the fact that activities d) and e) show the largest absorption capacity and the mentioned indicator has been selected by all the applicants. |  |  |  |  |
| With regard to IA 5.2, the Final Report of IOP shall justify the changes in reporting the indicator No 330103 Number of projects improving the attractiveness of housing in the territory and indicator No 331200 Number of renovated apartments, whose target values will be exceeded. | In the Final Report of the Integrated Operational Programme to mention the changes in reporting the indicators No 331200 and 330103. | 31 Jan 2017 |  |  |  |  |  |
| In IA 5.3, the target value of both the result indicators has been exceeded. In case of indicator No 330417 Increase in the area of the CR which will be covered by planning analytical materials of municipalities, the target value has been exceeded more than four times. In case of indicator No 330418 the target value has been exceeded 128 times. The methodology of reporting has already been explained in the Reports on Implementation of the programme, it shall also be justified in the Annual Report. | In the Final Report of the Integrated Operational Programme to mention the changes in reporting the indicators No 330417 and 330418. | 31 Jan 2017 |  |  |  |  |  |

**Evaluation of the system of education and training of IOP implementation structure employees**

| **Conclusions and recommendations** | **IOP Managing Authority** | | | **IOP Intermediate Bodies** | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **CORRECTIVE MEASURE** | **DEAD-LINE** | **ACCOM-PLISHED** | **CORRECTIVE MEASURE** | **DEAD-LINE** | **TO BE DONE BY** | **ACCOMPLISHED** |
| All the bodies implementing the IOP have education plans in place for their employees, but in some cases they are not developed with account taken of requirements for the job positions (posts). | Education plans of employees shall be developed always with account taken of requirements for the performance of their job positions. | 6/2014 | 1/2014 | Education plans of employees shall be developed always with account taken of requirements for the performance of their job positions. | 6/2014 | MoLSA  MoH  MoI  CRD | **MoLSA, MoH**: Accomplished as of 28 Feb 2014  **MoI**: In developing the education plans, account is taken of requirements of job positions. |
| As a follow up to the finding of the questionnaire survey that a specialised training would help some employees in the trial period to familiarize with their job position, a recommendation can be articulated to introduce initial vocational training provided by experienced staff, as it is the case at the MA, also at the Intermediate Bodies. | To introduce, and support during the trial period an initial vocational training provided by experienced staff at the MA. | 12/2014 | It is accompli-shed continuous-ly. Always when a new employee is hired. | To introduce, and support during the trial period, an initial vocational training provided by experienced staff at the IBs. | 12/2014 | MoLSA  MoH  MoI  CRD | **MoLSA**: It is accomplished continuously when new employees are hired.  **MoH**: It is accomplished continuously.  **MoI**: A mentor is assigned to a new employee from among the experienced employees. It is accomplished continuously. |
| In developing the education plans of employees, vocational educational activities shall be given priority to the so called soft motivation training courses.  To shift the focus of education from motivation training activities to vocational topics. | To shift the focus of education from motivation training activities to vocational topics. | 12/2014 | It is accomplished continuously. | To shift the focus of education from motivation training activities to vocational topics. | 12/2014 | MoLSA  MoH  MoI  CRD | **MoLSA**: Accomplished as of 30 Sep 2014.  Included in the education plans of MoLSA IB employees in the 1st and 2nd half of 2014 were primarily the vocational training activities focused on deepening the expertise of staff.  **MoH**: Accomplished. Employees are supported only in vocational education. Soft skills are trained only exceptionally.  **MoI**: In the second half of 2014 this recommendation was acted upon. |
| Some employees stated in the questionnaire survey that they cannot attend the planned or ordered training due to their huge workload. | A responsible approach of employees to the already planned training, distribution of workload so that its cumulation is not a reason for cancelling the planned or already paid training should become a natural thing. | 12/2014 | It is accomplished continuously. | A responsible approach of employees to the already planned training, distribution of workload so that its cumulation is not a reason for cancelling the planned or the already paid training should become a natural thing, | 12/2014 | MoLSA  MoH  MoI  CRD | **MoLSA**: Accomplished as of 30 Sep 2014.  Employees attended the planned training activities. In case they cannot attend the training due their workload, a substitute was selected to prevent the cancellation of training events.  **MoH**: It is fulfilled continuously, or the training is attended by another EFD employee with the same job description.  **MoI**: Employees were instructed to adopt a responsible approach. |
| The information of coordinators would be improved by shared (within the IOP implementation structure) database of tried and tested offers of training activities; coordinators of education should share the information on the quality of training courses at the Working Group for education. | Organisation of regular meetings of the Working Group for education. | 12/2014 | WG for education will be set up before 10/2014 |  |  |  |  |
| Some employees and coordinators of education are not appropriately informed on the offer of training events. Hence, the possibility to inform about the offer of training events through IOP extranet should be considered. The offer on extranet should be updated by the coordinators of education. | To inform the employees about the offer of training events through IOP extranet. | 10/2014 |  | To inform the employees about the offer of training events through IOP extranet. | 10/2014 | MoLSA  MoH  MoI  CRD | **MoLSA**: Status as of 6 Oct 2014:  Employees were appropriately informed about a wide range of offered training activities during the preparation of the Education plan for the 1st and 2nd half of 2014 through written communication and one-to-one consultations with the coordinator of education. They were also continuously informed about other news in this area.  **MoH**: EF Department informs its employees continuously via email, which according to the EF Department of the MoH, is more efficient. It is an established procedure at the MoH. Also the HR department and the Cabinet of the Minister inform about various training courses.  **MoI**: It has not been accomplished as yet. |
| In order to foster the retention of staff, there is a possibility to introduce and support the in-house language courses as a non-financial incentive as a benefit for excellent performance at work. The interest of employees in language courses emerged from the questionnaire survey. | In order to foster the retention of staff, there is a possibility to introduce and support the in-house language courses as a non-financial incentive as a benefit for excellent performance at work. | 12/2014 | It is accomplished continuously. | In order to foster the retention of staffing, there is a possibility to introduce and support the in-house language courses as a non-financial incentive as a benefit for excellent performance at work. | 12/2014 | MoLSA  MoH  MoI  CRD | **MoLSA**: Accomplished as of 1 July 2013.  Since 1 July 2013 language courses for employees as a part of non-financial incentive have been provided at the MoLSA IB.  **MoH**: It has been suggested to the HR department. A part of employees has already been offered this possibility provided the knowledge of a foreign language is required by their job description.  **MoI**: It has not been accomplished as yet. |
| Further increase of efficiency of education could also be achieved if the obtained information and presentations received at training courses are shared at least within the working team, on the occasion of meetings, training courses, and, where possible, also by disseminating new knowledge through the shared disc of the body, or IOP extranet. | Share the obtained information, source documents and presentations from training courses within the working team, to share them through the shared disc of the body, or extranet. | 10/2014 | It is accomplished continuously | Share the obtained information, source documents and presentations from training courses within the working team, to share them through the shared disc of the body, or extranet. | 10/2014 | MoLSA  MoH  MoI  CRD | **MoLSA:** Accomplished.  Source documents from individual training courses and presentations were shared through the shared disc intended for IOP employees and archived for the purpose of sharing the specialised information.  **MoH**: It is accomplished continuously. Sharing on the department disc.  **MoI**: It is accomplished continuously. |
| To share the evaluation of already attended training events by individual Intermediate Bodies and the MA at the Working Group for education. | Organisation of regular meetings of the Working Group for education | 12/2014 | WG for education will be set up before 10/2014 |  |  |  |  |

1. Number of Submitted applications and Funds covered by the Decision/Contract (Addendum) in multi-objective priority axes is given only in intervention areas related to the Convergence objective (a). In intervention areas falling under the Regional competitiveness and employment objective (b), the number is zero (except for Priority axis 4). [↑](#footnote-ref-1)
2. *This column contains also the projects in negative status. In some cases the amounts of projects with issued Decision/signed Contract can exceed the allocation for the call.*  [↑](#footnote-ref-2)
3. For the purpose of monitoring the statistical data on rejected projects it is essential to distinguish between the rejected and denied projects. **Rejected projects** = all projects in negative statuses. **Denied projects** = all projects in negative statuses with the exception of status N5 Project application withdrawn by the applicant and status N7 Project not completed/withdrawn. There is a difference between the case of a project rejected by the administrator or withdrawn by the applicant/beneficiary himself. [↑](#footnote-ref-3)
4. Number of Submitted applications and Funds covered by the Decision/Contract (Addendum) in multi-objective priority axes is given only in intervention areas related to the Convergence objective (a). In intervention areas falling under the Regional competitiveness and employment objective (b), the number is zero. [↑](#footnote-ref-4)
5. The Difference column includes the total allocation for the programming period 2007–2013, not the difference of allocations for the monitored period. Linked to this amount is subsequently also the percentage achieved in the progress of absorption. [↑](#footnote-ref-5)
6. The Difference column includes the total allocation for the programming period 2007–2013, not the difference of allocations for the monitored period. Linked to this amount is also the percentage achieved in the progress in absorption.“ [↑](#footnote-ref-6)
7. The Difference column includes the total allocation for the programming period 2007–2013, not the difference of allocations for the monitored period. Linked to this amount is also the percentage achieved in the progress in absorption.“ [↑](#footnote-ref-7)
8. *This column contains also the projects in negative status. In some cases the amounts of projects with issued Decision/signed Contract can exceed the allocation for the call.*  [↑](#footnote-ref-8)
9. The number of Submitted applications and Funds covered by the Decision/Contract (Addendum)in multi-objective priority axes is given only in intervention areas related to the Convergence objective (a). In intervention areas falling under the Regional competitiveness and employment objective (b), the number is zero. [↑](#footnote-ref-9)
10. The Difference column includes the total allocation for the programming period 2007–2013, not the difference of allocations for the monitored period. Linked to this amount is subsequently also the percentage achieved in the progress of absorption.“ [↑](#footnote-ref-10)